AFCONS INFRASTRUCTURE LIMITED

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

Audit Committee Members*

COMPANY SECRETARY
P. R. Rajendran

AUDITORS
Deloitte Haskins & Sells, Chartered Accountants
Mr. 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 Ltd.
ICICI Bank Ltd.
Union Bank of India
IDBI Bank Ltd.
Standard Chartered Bank
Yes Bank Ltd.

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

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

Thirty-Fourth Annual General Meeting on 20th September, 2010 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-Fourth Annual Report together with the Audited statement of accounts for the year ended 31st March 2010.

1. CONSOLIDATED FINANCIAL RESULTS **(Rs. in Lacs)**

Particulars	31st March 2010	31st March 2009
Total Income	2,32,257	2,17,422
Profit/(Loss) before Tax	12,656	8,716
Provision for Taxation	(2,906)	(2,837)
Excess/(short) provision for tax in respect of earlier years	(1)	140
Profit/(Loss) after Tax	9,748	6,019
Minority Interest	(387)	(10)
Balance brought forward from previous years	9,175	3,183
Appropriation	(4)	(16)
Balance Carried Forward to Balance Sheet	18,531	9,175

2. OPERATIONS

During the year under review, your Company has performed well as can be reflected from the financial results above. The Total Income, PBT, EBIDTA and PAT has grown by 7%, 45%, 16% & 62% respectively. Our Order book as on 31st March 2010 was Rs.5,75,378 Lacs as compared to our previous year order book of Rs.4,26,231 Lacs. Presently the share of the overseas contract is over 24% of the order book.

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

1. Construction of Marine, Civil and Pipeline Works at Jamnagar for Reliance Industries Limited,
2. Conversion of Wet Docks into Dry Docks at Pipavav Port for Pipavav Shipyard Limited.
3. Construction of 9 Nos. Sheds at Block making site at Pipavav for E-Complex Private Limited.
4. Civil Works at Kakinada for Reliance Industries Limited.
5. Construction of Four lane Road between Uludurpet to Padalur in Tamilnadu for Trichy Tollway Private Limited.
6. Construction of New Bridge No.531 over river Sone between Sone Nagar & Dehri on Sone for East Central Railway.
7. Desilting Work at Koldam Hydro Electric Power Project (4*200 MW) at Himachal Pradesh for National Thermal Power Corporation Limited.
8. Construction of Grade Separator at Mukarba chowk, G.T. Karnal Road - Outer Ring Road Junction, New Delhi for P.W.D., New Delhi.
9. Construction of Grade Separator Rajaram Kohli Marg and Shastri Nagar Intersection at East Delhi for P.W.D.,New Delhi.
10. Part Design and Construction of elevated viaduct including structural work of 3 elevated stations – Laxmi Nagar, scope of Tower and Preet Vihar on Yamuna Bank – Anand Vihar Corridor of Phase II of Delhi MRTS Project for D.M.R.C. Limited.
11. Design and Construction of Cut and Cover Tunnel including switchover Ramps and one underground station in Airport Area- Contract AMEL –C3 at Delhi for D.M.R.C. Limited.
12. Design and Construction of Rail Overhead Bridge at S.E.C. Railway Line along Ring Road near Kalumna Market at Railway KM 1124/39 under IRDP Nagpur for M.S.R.D.C. Limited.
13. Construction Work of elevated structures, major and minor bridges and earthwork for Rail connectivity from Idappalli to International Container transshipment Terminal, Vallarpadam for Trivandrum division of Southern Railway for Railway Vikas Nigam Limited.
14. Nad Al Sheba Race Course Development in Dubai for Road Transport Authority, Dubai (in the name of Subsidiary of the Company).
15. Cruise Berth facility of Le Salines Port Louis – Marine Works Contract at Mauritius for Mauritius Port Authority.
16. Civil and Marine works for Ambatovy Project Port Site Mole B- at Madagascar for Dynatec Madagascar S.A.
17. Jetty Ruwais Sulphur Expansion Project (PHASE-III) Marine Works for Dodsal Engineering & Construction Private Limited.

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

1. Bait Al Barakah – Maritime facilities for guarding restricted area in Oman for Royal Court Affairs, Oman for (Omani Riyal 10.705 million) equivalent to Rs.13,000 Lacs.
2. Civil Construction work for Relocation of 220MW Barge Mounted Power Plant from Mangalore to Kakinada for GMR Energy Ltd., Bangalore for Rs.10,600 Lacs
3. Engineering, Procurement, Construction and Commissioning Marine facilities for Kochi LNG Terminal at Kochi, for Petronet LNG Ltd, New Delhi for Rs.22,950 Lacs
4. Construction of Bulk Jetty at Port of Sohar for Sohar International Development Company, Sultanate of Oman in Joint Venture with Saipem for (US$ 167.6 millions) equivalent to Rs.80,400 Lacs. The Company's share of work in the Joint Venture is equivalent to Rs.40,200 Lacs.
5. Design and supply of fabricated structural steel for Algeria Oman Fertilizer Jetty, for Saipem S.A., for Rs.8,869 Lacs in the name of Afcons Infrastructure International Ltd.
6. Construction 8.8 KM long B1-Directional traffic dual lane single bore Highway Tunnel in Joint Venture with Strabag AG, Austria for approximately value of Rs.1,45,800 Lacs. The Company's share of work is equivalent to Rs.58,300 Lacs.
7. Civil, Structural and Finishing works including Electrical, Fire fighting, fire Detection, CCTV works for Service corridor in Middle circle of Connaught Place, New Delhi in Consortium with Sterling & Wilson Limited for Engineers India Ltd. ,Gurgaon.The Company's share of work in the consortium is Rs.18,040 Lacs
8. Design and construction of underground section from Howrah Maidan station to west end of central Station in Joint Venture with Transtonnelstroy Ltd.,Russia for Kolkata Metro Rail Corporation Ltd. Kolkata Rs.93,795 Lacs.
9. Construction of Berth A1 and New Auxiliary Mooring Facility at Marine Terminal, Jamnagar for Reliance Ports and Terminals Ltd., Jamnagar for Rs.5,900 Lacs.
10. Construction of New Phosphate Rock Terminal in South Port of Aquaba, Jordan for Jordan Phosphate Mines Co. PLC., Amman, Hashemite, Kingdom of Jordan for (JD142.230 million) equivalent to Rs.91,155 Lacs.

In September 2009, Company received mandate from Konkan Railway's Corporation Ltd. to resume work on some locations of the prestigious project of constructing special bridge across river Chenab on the Katra–Laole Section of Jammu and Kashmir. The project was awarded to the Company in 2004 and the works were subsequently suspended in 2008 by Indian Railway Board as the plans for the bridge could not be finalized in view of the treacherous geological conditions and alignment issues.

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

3. CREDIT RATING

During the year, ICRA has upgraded the Long-Term Rating of the Company from "LAA-" to "LAA" which reflects High credit quality and Short-Term Rating is maintained at "A1+" which reflects Highest Credit Quality. Annual surveillance from CRISIL is under process.

4. DIVIDEND

The Directors are pleased to recommend, for approval of members dividend of 0.01% on Convertable Preference Shares of the Company. The dividend, if declared, would involve an outflow of Rs.4.08 Lacs including Rs.0.58 Lacs towards dividend tax. In order to plough back the profit for the growth, the Directors are not proposing dividend on equity shares.

5. SHARE CAPITAL

During the year under review, the Company has allotted 296,134 equity shares to the employees who exercised ESOP option granted to them under the ESOP Scheme 2006.

6. SUBSIDIARIES

(i) Change of name of step down subsidiary of the Company in Fujairah :
During the year under review, the name of the step down subsidiary of the Company incorporated in Fujairah Free Zone, Fujairah, UAE was changed from the name of "Afcons Emirates Financial Services FZE" to "Afcons Gulf International Projects Services FZE".

(ii) Acquisition of Shares and Change of name of SSS Electricals (India) Private Limited :
The Company has on 30th March 2010 entered into Share Sale & Purchase Agreement with Starkstrom-und Signal-Baugesellschaft GmbH., Germany for acquisition of 32000 (40%) equity shares held by it in SSS Electricals (India) Private Limited for a total consideration of Rs.1,60,000/-. Subsequently the Company has paid the aforesaid consideration on 14th April 2010, to Starkstrom-und Signal-Baugesellschaft GmbH., Germany. Pursuant to the said acquisition SSS Electricals (India) Private Limited became a wholly owned subsidiary of the Company.
The Company is currently in the process of changing the name of SSS Electrials (India) Private Limited to Afcons Corrosion Protection 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 are annexed.

7. 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.

8. 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.

9. DIRECTORS

Mr.P.S.Mistry, Mr.J.J.Parakh, Mr.B.D.Narang and Mr.R.M.Premkumar, 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.P.S.Mistry, Mr.J.J.Parakh, Mr.B.D.Narang and Mr.R.M.Premkumar is annexed to the Notice of the Meeting.

10. DIRECTOR'S RESPONSIBILITY STATEMENT

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

(i) in preparation of the annual accounts, the applicable accounting standards have been followed along with a proper explanation relating to any material departures from the same;
(ii) the Directors have selected such accounting policies, applied them consistently, and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 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.

11. QUALITY, HEALTH SAFETY & ENVIRONMENT

The Company firmly believes that the pursuit of excellence is one of the most critical component for a competitive success. With Quality, Health and Safety Environment being an essential part of the Company's policy, it strives to deliver services by maintaining the highest level of Quality, Health and Safe working environment.
The policy of the Company is to conduct its construction business through an established Quality Management System, which aims to achieve Customer Satisfaction and in the process improving Company's competencies and competitiveness.
The Company is certified ISO 9001:2008 for Quality Management System, ISO:14001:2004 for Environment Management System and OHSAS:18001: 2007 for Occupation, Health & Safety Management Systems. All the three systems are well established, documented, implemented and maintained.
The Company has a commendable record in terms of safety at our various projects sites and has received a number of awards as well as appreciation letters from our clients.

12. AWARDS AND RECOGNITIONS

During the year the Company has won the most prestigious International World Quality Commitment (WQC) 2009 award in Gold Star category, organized by Business Initiative Directions, Paris. The award is in recognition of Company's outstanding commitment to Quality and Excellence and is based on the criteria of the QC 100 quality mode, implemented in over 100 countries. Incidentally the Company is the first Construction Company and only the 5th Indian company to be given this award.

The Company has also received letters of appreciation from clients like RTA, Dubai, IHI Corporation, Japan and Rail Vikas Nigam Limited expressing their satisfaction on successful completion of the project in time and with good quality.

The Company has also been listed with the top 10 Companies as "India's most admired Construction Companies" for the third year in succession by Construction world.

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

13. AUDITORS

Mr.J.C.Bhatt, Chartered Accountant, the retiring Auditors at the ensuing Annual General Meeting, has converted its sole proprietary concern into Partnership firm in the name of M/s.J.C.Bhatt & Associates, Chartered Accountants and is therefore not seeking reappointment 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 M/s.J.C.Bhatt & Associates, Chartered Accountants in place of Mr.J.C.Bhatt, Chartered Accountant, as Auditors of the Company jointly with M/s.Deloitte Haskins & Sells, Chartered Accountants, the retiring Auditor of the Company.

M/s.Deloitte Haskins & Sells, Chartered Accountants and M/s.J.C.Bhatt & Associates, Chartered Accountants 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 M/s.J.C.Bhatt & Associates, Chartered Accountants and the retiring Auditor of the Company M/s.Deloitte Haskins & Sells, Chartered Accountants as Joint Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting on the terms and conditions to be mutually agreed upon between the Board of Directors of the Company and the Auditors.

14. FIXED DEPOSIT

Your Company did not invite or accept deposits from the public during the year under review. As on 31st March 2010, 35 deposits pertaining to previous years aggregating to Rs.6.49 Lacs remained unclaimed.

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

Pursuant to the provisions of section 205C of the Companies Act 1956, fixed deposits accepted for the year 2002-2003 and interest thereon 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.

16. 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.

17. 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 Auto Power factor Panel on RVL site (Kochi) Substation to improve power factor, saved energy as well as reduced cost of energy.
2. Introduction of power factor and three phase balancing at Company's H.O. thereby reducing consumption of energy.

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORBTION

1. In house development of climbing crane for erection of tall pylons.
2. Horizontal Anchor system installed through a conventional drilling rig.

C. FUTURE ACTION PLAN

1. Renewable energy system survey to be carried out.
2. Induction of capacitor bank at KMRC sites to improve power factor approximate to unity.

D. FOREIGN EXCHANGE EARNING AND OUTGO.

		(Rs.in Lacs)
	Current yr.	Previous yr.
Earnings	37,357	19,048
Outgo	17,429	20,111

18. 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 employees at all level for their contribution to the success of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Place: Mumbai
Date: 17th June, 2010

C.P. MISTRY
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

The fiscal year 2009-10 began as a difficult one. There had been a significant slowdown in the growth rate in the second half of 2008-09 following the global financial crisis that began in 2007 and spread to the real economy across the world. The Indian economy, however, was hit in the latter part of the global recession and the real economic growth witnessed a sharp fall, followed by lower exports, lower capital outflow and corporate restructuring. Yet, over the span of the year, the Indian economy posted a remarkable recovery, not only in terms of overall growth figures but, more importantly, in terms of certain fundamentals, which justify optimism for the Indian economy in the medium to long term. The real turnaround came in the second quarter of 2009-10 when the economy grew by 7.9%. As per the advance estimates of GDP for 2009-10, released by the Central Statistical Organisation (CSO), the economy is expected to grow at 7.2% in 2009-10, with the industrial and service sectors growing at 8.2% and 8.7% respectively.

In tandem with the turnaround in overall industrial growth, core industries and infrastructure services have also evinced signs of recovery with easing of supply bottlenecks in certain sectors and demand recovery in others. India's gross domestic product (GDP) grew by 6% during October to December 2009, over the corresponding quarter of the previous year, as per data released by the CSO.

Six core infrastructure industries grew at 4.5 % in February 2010 against 1.9 % during the corresponding month last year, primarily due to increased output in electricity. The six infrastructure sectors-crude, petroleum refinery products, coal, electricity, cement and finished steel-that constitute 26.68 % in IIP, recorded a growth of 5.3 % in the period April-February 2009-10, as against 2.9% in the same period last year.

In order to sustain economic growth during the time of the worst recession, the government authorities in India have announced the stimulus packages to prop up economic growth. It is expected that the global economies will continue to sustain in the short-term, as the effect of stimulus programs is yet to bear fruit.

Industry Structure and Development

The Construction industry is an integral part of the Indian economy and accounts for significant share of the GDP. It is also one of the largest employers of skilled and unskilled labour force in the country and is characterized by mix of both organized and unorganized entities.

Provision of quality infrastructure is a crucial pre requisite for sustainable growth of the economy. The fast growth of the Indian economy has placed increasing stress on physical infrastructure which suffers from substantial deficits in terms of capacities and efficiencies in their delivery. The pattern of inclusive growth of the economy projected for the Eleventh Plan, with GDP growth averaging 9% per year can be achieved only if this infrastructure deficit can be overcome and adequate investment takes place to support higher growth and an improved quality of life for both urban and rural communities. While there has been some improvement in infrastructure development in the recent years there are still significant gaps that need to be bridged.

To revive economic growth, the government has put strong impetus on infrastructure development in the current budget. It has made provision of Rs.1,73,552 crores for Infrastructure development. The Government has raised the allocation for road transport by over 13% to Rs.19,894 crores and Railway by over 6% to Rs.16,752 crores.

The Government has also introduced various policies and schemes like 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 to strengthen the Indian infrastructure sector .It has also increased its budgetary allocation to the aforesaid scheme and policies to further boost the Infrastructure development of the Country.

The Government has been actively encouraging private investment in Infrastructure through Public Private Partnership to meet the massive Infrastructure funding requirement.

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

During the year under review, the Company has bagged a prestigious order worth Rs.1,45,800 Lacs from the Border Roads Organization for constructing 8.8 KM long B1-Directional traffic dual lane single bore Highway Tunnel at Rohtang Pass, for providing all weather connectivity between Manali and Leh and Ladakh for defence forces. This longest tunnel, is being built in Joint Venture with Strabag AG, Austria.The Company's share of work is equivalent to Rs.58,300 Lacs.

The Company in Joint Venture with Transtonnelstroy Ltd.,Russia has bagged order worth Rs.93,795 Lacs from Kolkata Metro Rail Corporation Ltd for the work of constructing 2 crucial transportation tunnel 20 meters below the Hooghly riverbed along with construction of 3 underground stations. The project is part of the Rs.4,87,458 Lacs East West Metro Corridor Project.

The Company has made a significant entry in the Kingdom of Jordan by bagging the project Construction of New Phosphate Rock Terminal in South Port of Aquaba, Jordan for Jordan Phosphate Mines Co. PLC. for (JD142.230 million) equivalent to Rs.91,155 Lacs.

In September 2009, the Company has received mandate from Konkan Railway Corporation Ltd. to resume work on some locations of the prestigious project of constructing special bridge across river Chenab on the Katra–Laole Section of Jammu and Kashmir .The project was awarded to the Company in 2004 and the works were subsequently suspended in 2008 by Indian Railway Board as the plans for the bridge could not be finalized in view of the treacherous geological conditions and alignment issues.

Your Company has also bagged several other orders in various segments of construction business i.e. Marine works, Bridges, Civil works both in India and abroad.

The present order book position of the Company as on 31st March, 2010 is Rs.5,75,378 Lacs. Presently the share of the overseas contract is over 24% 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.2,32,257 Lacs for the year compared to the previous year's Rs.2,17,422 Lacs showing an increase of over 7%.The Consolidated Profit before Tax for the year was Rs.12,656 Lacs compared to Rs.8,716 Lacs in the previous year resulting in increase by 45%.The Consolidated Profit after Tax for the year was Rs.9,748 Lacs compared to Rs.6,019 Lacs in the previous year resulting in increase by 62%.

Opportunities

The total investment requirement by the Central and state governments and the private sector in each of the ten major physical infrastructure sectors (i.e. Electricity, Road and Bridges, Telecommunication, Railways including MRTS, Irrigation, Water supply and sanitation, Ports, Airports, Storage and Gas) for sustaining a growth rate of 9% GDP over the Eleventh Five Year Plan (2007-08 to 2011-12) is Rs.20,56,150 crores. This level of Investment amounts to average of 7.6% of GDP during the Eleventh Plan as a whole.

Road:

This year the Road sector enjoyed an increased budgetary allocation of 6.74% and 25.77% in the planned Revenue and Capital budgetary sections over the previous year and an increase of 13.55% overall over the previous year. This signals clear intentions of the Government in expecting the Road sector as a key sector that will drive the growth of the Indian economy. Given that 65% of funds are allocated to NHAI for National Highways, the focus is certainly to meet the target of constructing 20 km/day of national Highways .This sector will require investment of about US $12.36 billion in the next three years. The sector is likely to grow in 2010-11.

Railways and Urban Infrastructure:

For Financial year 2010-2011, plan outlay is estimated at Rs.41,400 crores highest ever Annual Plan outlay (against Rs.40,700 crores in Financial year 2009-2010). Capacity for speedy implementation of mega projects like the dedicated freight corridor (DFC) project and setting up of new manufacturing units with private investment are also areas of priority for the Railways.

According to Working Group of Urban Transport for the Eleventh Five year Plan seven cities (i.e. Delhi, Bangalore, Hyderabad, Kolkata, Mumbai, Chennai, Kochi) will have an estimated total cost of Rs.320 billion to meet the needs of Mass Rapid Transport System (MRTS).

Ports :

According to Planning Commission there is an investment opportunity of US$ 25 billion by 2011-12 in India's Shipping and Port Sector as the country seeks to double its ports capacity to 1500 million tones. The government has identified 276 projects entailing investment of US$ 12 billion. The budget continues focus on developing minor ports by setting aside over Rs.100 crores for their development.

Airports:

AAI has undertaken ambitious project of modernization of 35 non metro airports. This would entail investment of US$35 billion for the proposed airport. Investment in Airport Infrastructure is likely to go up by US$9 billion by 2013. In the Union budget of 2010-2011, Rs.1,305 crores (Previous Year Rs.889 crores) has been allocated for development of various airports in North Eastern States and crucial areas like Jammu, Srinagar, Leh, Agatti, Port Blair, Pudducherry, Tirupati, Ajmer and Amritsar.

Power:

India's energy sector would require and investment of around US$ 150 billion for the next five years. The government has fixed a target of power capacity of 78700 MW in the Eleventh Five year Plan.

Given the large number of infrastructure projects on the anvil, the construction sector is poised for a big expansion.

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 challenges in order to increase its order book with minimum risk.

Outlook

The Company has chalked out 5 year growth plan "Vision 2015". In the next 5 years it aims to reach a turnover of around Rs.9000 crores. Apart from consolidating its business in Marine and Transportation segment, the Company intents to scaling up its presence in oil and gas, hydro and tunneling construction.

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

The Company would continue to maintain its status as a prominent transnational infrastructure company recognized for its business innovation, focused on total satisfaction and creating enhanced value for all our stakeholders.

Risk and Concerns

A. Euro Crisis

In early part of 2010 fears of a sovereign debt crisis developed concerning some countries in Europe including Greece, Italy, Spain, and Portugal. The debt crisis has been mostly centered on recent events in Greece, where there is concern about the rising cost of financing government debt. This led to a crisis of confidence as well as the widening of bond yield spreads and risk insurance on credit default swaps between these countries and other EU members, most importantly Germany.

Despite of the Euro zone countries and the International Monetary Fund agreeing to a €110 billion loan for Greece and the Europe's Finance Ministers approving a comprehensive rescue package worth almost a trillion dollars aimed at ensuring financial stability across Europe, there has been widespread belief that the European crisis could affect other parts of the world, especially those countries which have high deficits, mainly on account of international borrowings.

Although India may seem vulnerable to any worsening of the European fiscal crisis, with its strong economic growth and domestically-funded fiscal deficit which is forecast at 8.5% in 2010 it is likely that the country's debt position shall remain stable even if the financial crisis in Europe worsens.

In certain contracts, the Company is having exposure in Euro currency. To mitigate the same, wherever possible the Company pay for supplier in Euro currency and also book forward the foreign currency payment wherever possible.

B. Other Constraints and challenges :

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

1. Change in government policies, priorities and its budgetary allocation for infrastructure development.
2. Global slowdown in economic activities.
3. Availability of skilled manpower and high attrition levels of employees in the industry.
4. Delay in award of contract and releasing work fronts and technical clearances for execution of projects.
5. Dispute resolution mechanism is very time consuming resulting into significant blockage of working capital.
6. Tighten Liquidity position and interest rate risks.

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

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

The Company HR Policy focuses on the following key areas:

1. Talent Acquisition through a defined talent management strategy in alignment with business goal and targets.
2. Imparting Learning and Development to employees and prepare them for their current and future roles. The Company has till date imparted 1 Lac man hours of training amongst its employees (equivalent to 3 man days of training per employee) which is close to the global benchmark of 4 man days per employee.
3. Adequate Compensation Package coupled with Incentives, rewards and recognitions.
4. Culture building focus on building a culture of innovation and creativity in construction process.

Our mission statement is "to be prominent transnational infrastructure company recognized for business innovations, focused on total satisfaction and enhanced value creation of all stakeholders". The mission statement emphasis on a "Total Satisfaction" model which lays down covenant expected from employees and employer.

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

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

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.

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, 2010 the Board of Directors of the Company comprised of 12 Directors out of which 2 are Executive Directors and the remaining 10 are Non-Executive Directors. The Chairman of the Board is the Non Executive Director and the Board consists of 6 Independent Directors. The Non-Executive Directors are eminent professionals with experience in Industry, Management, Finance, Research and Law who bring in a wide range of skills and experience to the Board.

(b) Board Meetings and Attendance:

During the year 2009-10, 4 Board Meetings were held on the following dates 29th June 2009, 30th September, 2009, 16th December 2009 and 23rd March 2010. 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. The name and categories of Directors on the Board, their attendance record, the number of directorships & committee positions held in other companies as on March, 31st 2010 are noted below.

Name of the Director	Category	Total no. of Board Meetings during the year 2009-2010		No. of other Directorship(s) in other public company [1]	No. of committee positions held in other public company [2]		Whether attended last AGM held on 30/9/2009
		Held	Attended	Member	Chairman	Member	
Mr.C.P.Mistry	Chairman	4	4	5	-	-	Yes
Mr.P.S.Mistry	Non Executive Director	4	2	9	-	1	No
Mr.S.P.Mistry	Non Executive Director	4	1	11	-	2	No
Mr.N.J.Jhaveri	Independent Director	4	4	11	4	4	Yes
Mr.N.D.Khurody	Independent Director	4	3	7	1	-	No
Mr.J.J.Parakh	Non Executive Director	4	3	7	-	-	No
Mr.B.D.Narang	Independent Director	4	3	10	4	5	Yes
Mr.R.M.Premkumar	Independent Director	4	4	5	1	-	Yes
Mr.P.N.Kapadia	Independent Director	4	4	3	-	-	Yes
Mr.A.H.Divanji	Independent Director	4	4	-	-	-	Yes
Mr.K.Subrahmanian	Managing Director	4	3	-	-	-	Yes
Mr.S.Paramasivan	Executive Director	4	4	2	-	-	Yes
Mr.A.N.Jangle [3]	Executive Director	4	2	-	-	-	Yes

Note:

1. The Directorship held by Directors as mentioned above, does not includes Directorship in Private Limited Companies, Foreign Companies & Companies registered under section 25 of the Companies Act, 1956.
2. Committee means Audit Committee and Shareholder / Investors' Grievance cum Share Transfer cum ESOP Shares Allotment Committee.
3. Ceased to be Director of the Company with effect from 30th September 2009.

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:
   29th June 2009, 30th September 2009, 16th December 2009 and 23rd March 2010.

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

Name of the Director	Category	No. of Meetings	
		Held	Attended
Mr.N.J.Jhaveri	Independent Director - Chairman	4	4
Mr.N.D.Khurody	Independent Director	4	3
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. 16th December 2009.

c. The Composition of remuneration committee was as under:

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

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

e. Details of Remuneration paid to Directors during the financial year 2009-10:
i. Remuneration paid/payable to the Executive Directors for the financial year ended 31st March 2010:

Name of Director	Basic Salary	PF / SA	Perquisites	Total Remuneration
Mr.K.Subrahmanian	19,08,000	5,15,160	60,09,129	84,32,289
Mr.S.Paramasivan	15,21,000	4,10,670	44,05,830	63,37,500
Mr.A.N.Jangle *	7,20,000	1,94,400	31,30,594	40,44,994
	41,49,000	**11,20,230**	**1,35,45,553**	**1,88,14,783**

* Ceased to be a Director of the Company w.e.f. 30th September 2009 and the remuneration upto that date is taken.

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

Name of the Director	Stock options granted till date
Mr.K.Subrahmanian	35040
Mr.S.Paramasivan	26280
Mr.A.N.Jangle *	14460

* Ceased to be a Director of the Company w.e.f. 30th September 2009

iii Remuneration paid/payable to the Non-Executive Directors for the year ended 31st March 2010 is as under:
The Non-Executive Directors were not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or committees thereof .The details of the sitting fees paid to the Non-Executive Directors are as under:

Name of the Director	Sitting Fees (Rs.)	Shareholding in the Company	
		No. of Shares	% holding
Mr.C.P.Mistry	80,000	-	-
Mr.P.S.Mistry	20,000	-	-
Mr.S.P.Mistry	10,000	-	-
Mr.J.J.Parakh	1,10,000	6,619	0.009
Mr.A.H.Divanji	40,000	21,720	0.030
Mr.N.J.Jhaveri	1,30,000	17,749	0.025
Mr.P.N.Kapadia	1,20,000	-	-
Mr.N.D.Khurody	1,00,000	-	-
Mr.B.D.Narang	30,000	-	-
Mr.R.M.Premkumar	40,000	-	-
Total	**6,80,000**	**46088**	**0.064**

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

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

a. The Shareholders / Investor's Grievances Cum Share Transfer Committee was constituted on 28th November 2006. The Board of 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:
29th June, 2009, 1st October, 2009 and 2nd March 2010.

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

Name of the Director	Category	No. Of Meetings	
		Held	Attended
Mr.P.N.Kapadia	Independent Director - Chairman	3	3
Mr.J.J.Parakh	Non Executive Director	3	2
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 2010.

VI. OTHER COMMITTEES OF THE BOARD

A. FCP COMMITTEE

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

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 of the Committee

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

* Ceased to be a Director of the Company w.e.f. 30th September 2009

B. COMPENSATION (ESOP) COMMITTEE

i. The Compensation (ESOP) Committee was constituted for implementation, administration and superintendence of the ESOP Schemes and to formulate the detailed terms and conditions of the ESOP Scheme.

ii. No meeting was held during the year.

iii Composition of the Committee

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

C. **COMMITTEE OF DIRECTORS**

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

ii. Four meeting were held during the year on the following dates:
29th June 2009, 30th September, 2009, 16th December 2009 and 23rd March 2010.

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

Name of the Member	Category	No. Of Meetings	
		Held	Attended
Mr.N.J.Jhaveri	Independent Director –Chairman	4	4
Mr.C.P.Mistry	Non-Executive Director	4	4
Mr.N.D.Khurody	Independent Director	4	3
Mr.J.J.Parakh	Non-Executive Director	4	3
Mr.K.Subrahmanian	Managing Director	4	4
Mr.S.Paramasivan	Executive Director	4	4
Mr.A.N.Jangle*	Executive Director	4	2

* ceased to be Director with effect from 30th September 2009

VII. **GENERAL BODY MEETINGS**

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

AGM	Location	Date of AGM	Time
33rd	Registered Office of the Company	30.09.2009	4.30 p.m
32nd	Registered Office of the Company	30.09.2008	4.00 p.m.
31st	Registered Office of the Company	27.09.2007	4.00 p.m.

b. 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

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

AGM:

33rd AGM dtd.30.09.2009	a. NIL
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.

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.

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 2009-10 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 : 20th September 2010
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 to March 31st

c. Date of Book Closure : 14th September 2010 to 20th September 2010 (both day inclusive)

d. ISIN No. : INE101I01011

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

XI. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2010.

Sr. No.	Category	No. of Shares	% of total
1	**Promoter's holding**		
	Indian Promoters –Bodies Corporate	69200167	96.51
	Sub total (1)	**69200167**	**96.51**
2	**Non Promoters Holding**		
	Companies / Bodies Corporate	51040	0.07
	Employees / Retired Employees / General Public	1030376	1.44
	Directors & their Relatives	227561	0.32
	Employees Trust	1191370	1.66
	Sub total (2)	**2500347**	**3.49**
	Total (1+2)	**71700514**	**100.00**

XII. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2010

Number of Shares	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1 to 100	62	9.45	5760	0.01
101 to 500	357	54.42	95388	0.13
501 to 1000	46	7.01	36194	0.05
1001 to 2000	41	6.25	62892	0.09
2001 to 3000	20	3.05	50749	0.07
3001 to 4000	17	2.59	61722	0.09
4001 to 5000	13	1.98	59732	0.08
5001 to 10000	44	6.71	325189	0.45
10001 & above	56	8.54	71002888	99.03
Total	656	100.00	71700514	100.00

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, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;

   (e) Our audit report of previous year was modified for:

      i) non-provision for diminution in value of investment in the capital of a partnership firm;
      ii) non-provision for probable non-recovery of dues from a Partnership firm;
      iii) non-provision for unbilled revenue;
      iv) the manner of accounting for outstanding arbitration awards and interest accrued thereon; and
      v) non-provision for certain debts and advances.

   The matters in respect of items (i) to (iv) above have been resolved during the year as, based on the information and explanations provided to us that the arbitration awards are concluded unanimously in favor of the Company and that the counter parties have not produced new evidence in the Court of Law when going for appeal against the Arbitration awards and that there have been receipts of significant amount of claims during the current year as well as in the previous years, we are of the opinion that in the recognition of revenue in such cases no significant uncertainties exist regarding its measurement and collectibility.

   The matter in respect of item (v) above has been resolved during the year as the Company has made adequate provision for doubtful debts and advances.

   f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
      (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

R. Laxminarayan
Partner
Membership No.33023

J. C. Bhatt
Chartered Accountant
(Registration No. Not Applicable)
Membership No.10977

Place: Mumbai
Dated: 17th June, 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

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

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

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

(a) The Company has granted loans aggregating Rs. 75.17 Lakhs to three parties during the year. At the year-end, the outstanding balances of such loans aggregated Rs. 66.43 lakhs (three parties) and the maximum amount involved during the year was Rs. 162.41 lakhs (four parties).

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

(c) The receipts of principal amounts and interest have been regular.

(d) In respect of overdue amounts in excess of Rs. 1 lakh remaining outstanding as at the year-end, the Management has taken reasonable steps for the recovery of the overdue principal and interest amounts.

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

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

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

(c) The payments of principal amounts and interest in respect of such loans are regular.

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

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

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

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

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

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

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

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

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Service Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Status	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (Rs. in Lakhs)	Amount Paid / Adjusted (Rs. in Lakhs)	Net balance (Rs. in Lakhs)
Assam General Sales Tax Act 1993	Sales Tax	Dy. Commissioner of Taxes (Appeal Tinsukia)	1994-95	6.07	2.85	3.22
Andhra Pradesh General Sales Tax Act 1957	Sales Tax	Sales Tax appellate Tribunal, Hyderabad	1995-96, 1996-97, 1997-98	16.39	-	16.39
Andhra Pradesh General Sales Tax Act 1957	Sales Tax	Appellate Dy. Commissioner of Commercial taxes, Hyderabad	1997-98	0.75	0.56	0.19
Delhi Sales Tax on Works Contract Act 1957	Sales Tax	Addl. Commissioner (Appeals)	2003-04, 2004-05	698.05	528.56	169.49
Madhya Pradesh General Sales Tax Act 1958	Sales Tax	Dy. Commissioner	1985-86	15.09	5.18	9.91

Status	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount (Rs. in Lakhs)	Amount Paid / Adjusted (Rs. in Lakhs)	Net balance (Rs. in Lakhs)
Madhya Pradesh General Sales Tax Act 1958	Sales Tax	Addl. Commissioner	1987-88, 1988-89, 1989-90	15.48	2.00	13.48
The Maharashtra Sales Tax on Transfer of property in goods involved in Execution of Works Contract (Re-enacted) Act, 1989	Sales Tax	Asst. Commissioner of Sales Tax, Mumbai	1997-98	26.31	12.32	13.99
Orissa Sales Tax Act, 1947	Sales Tax	Appellate Tribunal of Sales Tax, Cuttak	1998-99	206.74	183.96	22.78
Orissa Sales Tax Act, 1947	Sales Tax	Addn. Commissioner of Sales Tax, Cuttak	1998-99	194.75	151.63	43.12
Orissa Sales Tax Act, 1947	Sales Tax	High Court, Orissa	1999-00	184.07	153.44	30.63
Orissa Sales Tax Act, 1947	Sales Tax	Addn. Commissioner of Sales Tax, Behrampur	2000-01	109.84	107.74	2.10
Orissa Sales Tax Act, 1947	Sales Tax	Addn. Commissioner of Sales Tax, Bhubaneshwar	2004-05	43.82	28.45	15.37
Tamilnadu General Sales Tax Act, 1959	Sales Tax	Dy. Commissioner Of Commercial Taxes, Chennai	1992-93, 1994-95 1995-96, 1996-97	13.47	12.47	1.00
West Bengal Sales Tax Act, 1954	Sales Tax	Sales Tax Appellate Tribunal, Kolkata	1987-88, 1988-89	11.24	5.32	5.92
West Bengal Sales Tax Act, 1954	Sales Tax	Dy. Commissioner of Commercial Taxes, Durgapur	1994-95, 1996-97	32.42	21.39	11.03
Central Excise Act, 1944	Excise Duty	CESTAT, New Delhi	2007-08 & 2009-10	1,322.87	-	1,322.87
Central Excise Act, 1944	Excise Duty	Supreme Court	2004-05	52.00	52.00	-
Finance Act, 1994	Service Tax	Commissioner of Service Tax	2007-08	2.84	-	2.84

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

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

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

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

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

(xv) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, clause (xviii) regarding preferential allotment of shares of paragraph 4 of the Order is not applicable to the Company for the year

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

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

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

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

R. Laxminarayan
Partner
Membership No. 33023

J.C. Bhatt
Chartered Accountant
(Registration No. Not Applicable)
Membership No. 10977

Place : Mumbai,
Dated : 17th June, 2010

AFCONS INFRASTRUCTURE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

		SCHEDULE	RS. IN LACS	RS. IN LACS	AS AT 31st March,2009 RS. IN LACS
I.	**SOURCES OF FUNDS**				
(1)	**Share Holders' Funds**				
	Share Capital	1	**42,170.05**		42,140.44
	Reserves and Surplus	2	**18,663.00**		15,095.77
	Share Application Money - Pending Allotment		**0.18**		-
				60,833.23	57,236.21
(2)	**Loan Funds**				
	Secured Loans	3	**23,644.36**		31,923.68
	Unsecured Loans	4	**30,232.07**		37,127.72
				53,876.43	69,051.40
(3)	**Deferred Tax Liability (net)**			**4,436.64**	4,345.61
	Total			**119,146.30**	130,633.22
II.	**APPLICATION OF FUNDS**				
(1)	**Fixed Assets:**	5			
	Gross Block		**59,237.76**		58,924.71
	Less : Depreciation / Amortisation		**22,115.88**		20,789.30
	Net Block		**37,121.88**		38,135.41
	Capital Work-in-Progress		**1,681.45**		1,977.62
				38,803.33	40,113.03
(2)	**Investments**	6		**295.16**	324.45
(3)	**Current Assets, Loans and Advances:**				
	Inventories	7	**12,835.34**		17,656.07
	Unbilled Revenue		**54,580.98**		70,303.55
	(Net of advance Rs.13,951.35 Lacs (Previous year Rs. 18,552.45 Lacs)				
	Sundry Debtors	8	**35,088.90**		32,906.31
	Cash and Bank Balances	9	**1,734.91**		1,212.54
	Loans and Advances	10	**9,305.83**		11,739.52
			113,545.96		133,817.99
	Less :				
	Current Liabilities and Provisions:				
	Liabilities	11	**32,339.01**		42,448.70
	Provisions	12	**1,159.14**		1,354.23
			33,498.15		43,802.93
	Net Current Assets			**80,047.81**	90,015.06
(4)	**Miscellaneous Expenditure:**				
	(to the extent not written off or adjusted)				
	Deferred Revenue Expenditure			**-**	180.68
	Total			**119,146.30**	130,633.22

Significant Accounting Policies and Notes on Accounts 19

In terms of our report attached

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: 17th June, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		SCHEDULE	RS. IN LACS	RS. IN LACS	Previous Year RS. IN LACS
I.	**INCOME :**				
	Income from Operations {Including Tax deducted at Source Rs.1,682.15 Lacs (Previous year Rs.1,627.48 Lacs)}	13		**146,660.09**	201,065.29
	Other Income	14		**4,367.88**	3,961.25
	TOTAL			**151,027.97**	205,026.54
II.	**EXPENDITURE :**				
	Cost of Construction	15		**95,757.94**	150,620.25
	Payments to and Provision for employees	16		**17,397.77**	19,607.36
	Operational & Other Expenses	17		**21,157.36**	14,847.53
	Interest and Financial charges	18		**7,895.23**	9,481.43
	Depreciation / Amortisation		**3,306.76**		3,047.94
	Less : Depreciation on the amount added on Revaluation transferred from Revaluation Reserve		**85.40**		86.28
				3,221.36	2,961.66
	TOTAL			**145,429.66**	197,518.23
	Profit before Tax			**5,598.31**	7,508.31
	Less :				
	Provision For Tax :				
	Current Tax {Including Rs.0.30 Lacs for Wealth Tax (Previous year Rs. 0.80 Lacs)}		**(1,870.30)**		(1,900.80)
	Deferred Tax		**(91.03)**		(672.74)
	Fringe Benefit Tax		**-**		(139.40)
	(Short) /Excess provision for tax in respect of earlier years (net)		**(1.00)**		139.89
				(1,962.33)	(2,573.05)
	Profit After Tax			**3,635.98**	4,935.26
	Balance Brought Forward From Previous Year			**7,399.10**	2,480.43
	Profit Available for Appropriation			**11,035.08**	7,415.69
	Appropriations :				
	Transfer to Capital Redemption Reserve Account			**-**	12.50
	Proposed Dividend on Preference Shares			**3.50**	3.50
	Tax on Dividend			**0.59**	0.59
	Balance carried to Balance Sheet			**11,030.99**	7,399.10
	Earnings Per Share (face value Rs.10/-)				
	-Basic (Rs.)			**5.08**	6.91
	-Diluted (Rs.)			**1.08**	1.47
	(Refer Note (21) of Schedule 19)				
Significant Accounting Policies and Notes on Accounts		19			

In terms of our report attached

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

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: 17th June, 2010

AFCONS INFRASTRUCTURE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

		2009-10 Rs. in lacs	2008-09 Rs. in lacs
A.	**Cash flow from operating activities**		
	Profit before tax	**5,598.31**	7,508.31
	adjustments for,		
	Depreciation	**3,221.36**	2,961.66
	(Profit) / Loss on sale / discard of fixed assets (net)	**210.25**	(40.89)
	Dividend income	**(0.45)**	(2.42)
	Interest income	**(803.81)**	(993.20)
	Interest expense	**7,895.23**	9,481.43
	Lease rentals expense	**-**	8.74
	Loss on Foreclosure of Contract	**6,483.00**	-
	Bad / irrecoverable Debtors / Unbilled Revenue / Advances w/off	**2,342.42**	393.05
	Share of Loss in a firm in which the Company is a partner	**0.80**	0.58
	Excess Provision for expenses of earlier years written back	**(369.05)**	(646.19)
	Profit on sale / disposal of short term investments- Others	**(91.66)**	(114.25)
	Amount received on transfer of tenancy rights	**-**	(35.00)
	Deferred revenue expenditure written off	**180.68**	180.68
	Provision for Projected Losses	**(75.39)**	399.77
	Operating profit before working capital changes	**24,591.69**	19,102.27
	(Increase) in trade receivables	**(3,516.17)**	(11,776.60)
	Decrease / (Increase) in inventories	**4,820.73**	(6,539.33)
	Increase in leave encashment and gratuity provision	**32.08**	201.59
	Decrease / (Increase) in unbilled revenue	**8,930.01**	(4,126.62)
	Decrease / (Increase) in loans and advances	**1,845.22**	(3,321.92)
	Increase / (Decrease) in trade, other payables and provisions	**(10,132.87)**	6,666.82
	Cash from Operations	**26,570.69**	206.21
	Direct taxes (paid)	**(1,465.20)**	(1,474.69)
	Net cash (used in) / from operating activities	**25,105.49**	(1,268.48)
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	**(2,393.68)**	(11,629.50)
	Sale of fixed assets	**186.36**	108.85
	Purchase of Investments	**-**	(19.50)
	Sale of investments	**120.95**	637.48
	(Loss) in a firm in which the Company is a partner	**(0.80)**	(0.58)
	Dividend received	**0.45**	2.42
	Interest received	**134.22**	267.42
	Amount received on transfer of tenancy rights	**-**	35.00
	Net cash used in investing activities	**(1,952.50)**	(10,598.41)
C.	**Cash flow from financing activities**		
	Proceeds from issue of Equity Shares	**50.35**	0.74
	Share Capital Pending Allotment	**0.18**	-
	Repayment of Convertible preference shares	**-**	(13.75)
	Proceeds from long-term borrowings	**5,000.00**	22,440.07
	Repayment of long-term borrowings	**(20,903.83)**	(11,682.79)
	Proceeds from / repayment of short term borrowings - net	**728.88**	6,637.26
	Interest paid	**(7,503.00)**	(9,434.26)
	Dividend paid(including tax)	**(4.09)**	(0.92)
	Net cash from / (used in) financing activities	**(22,631.51)**	7,946.35
	Net increase in cash and cash equivalents	**521.48**	(3,920.54)
	Cash and cash equivalents at the beginning of the year	**1,212.28**	5,132.82
	Cash and cash equivalents at the end of the year	**1,733.76**	1,212.28
	Reconciliation of cash and cash equivalents		
	As per Balance sheet - schedule 9	**1,734.91**	1,212.54
	less, interest accrued on bank deposits	**(1.15)**	(0.26)
	As per Cash flow statement	**1,733.76**	1,212.28

Notes :- 1. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS-3) "Cash Flow Statements" notified under the Companies (Accounting Standard) Rules, 2006

2. Figures relating to previous year have been recast where necessary to conform the figures of the current year.

In terms of our report attached

For DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

R. LAXMINARAYAN
Partner

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
Date: 17th June, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2010

		RS. IN LACS	As At 31st March 2009 RS. IN LACS
SCHEDULE 1			
SHARE CAPITAL			
AUTHORISED :			
350,000,000 Equity Shares of Rs.10 each		**35,000.00**	35,000.00
650,000,000 Preference Shares of Rs. 10 each		**65,000.00**	65,000.00
	TOTAL	**100,000.00**	100,000.00
ISSUED,SUBSCRIBED AND PAID-UP :			
71,700,514 (previous year 71,404,380 Equity Shares of Rs.10 each (Refer Note 1 below))		**7,170.05**	7,140.44
100,000,000, 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each (Refer Note 2 below)		**10,000.00**	10,000.00
250,000,000, 0.01% Fully and Compulsorily Convertible Non-Cumulative, Non Participatory Preference shares of Rs. 10 each. (Refer Note 3 below)		**25,000.00**	25,000.00
	TOTAL	**42,170.05**	42,140.44

1. Of the above Equity Shares :-
   - (a) 200,000 Shares of Rs.10 each have been issued as Fully paid up for Consideration other than Cash.
   - (b) 3,500,000 Shares of Rs.10 each are issued as Fully Paid up Bonus Shares by Capitalization of Rs. 35,000,000 out of General Reserve.
   - (c) 24,076,349 (Previous year 24,075,389) 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 Renaissance Commerce Pvt. Ltd.(formerly 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 Hermes Commerce Ltd. (formerly 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 shares allotted to SICPL, a subsidiary of SPCL on 22-12-06 pursuant to conversion of 7.5% Redeemable 'Non-cumulative convertible Preference Shares into equity shares at par.
   - (i) 300,514 (Previous year 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 Investments Ltd., a subsidiary of SPCL on the following terms:
   - (a) The Preference Shares shall be non- cumulative and non profit participating convertible Preference Shares carrying a fixed rate of dividend of 0.01% per annum to be paid in priority to the holders of any other class of shares.
   - (b) The Preference Shares shall be deemed to be converted into common equity shares of the Company at a price of Rs. 68.25 per equity share (consisting of par of Rs. 10 and a premium of Rs. 58.25) immediately, automatically and without any further act of the parties in the event of conversion of the Preference Shares mentioned in note 3 (b) below.

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

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

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	RS. IN LACS	RS. IN LACS	As At 31st March 2009 RS. IN LACS
SCHEDULE 2			
RESERVES AND SURPLUS :			
CAPITAL RESERVE			
Balance as per Last Balance Sheet		**19.13**	19.13
CAPITAL REDEMPTION RESERVE ACCOUNT			
Balance as per last Balance Sheet	**12.50**		-
Amount transferred from Profit & Loss Account	**-**		12.50
		12.50	12.50
SECURITIES PREMIUM ACCOUNT			
Balance as per last Balance Sheet	**988.38**		989.33
Add : Received on shares issued during the year	**20.74**		0.30
Less : Utilized on redemption of Zero Coupon Redeemable Preference shares.	**-**		1.25
		1,009.12	988.38
REVALUATION RESERVE			
Balance as per Last Balance Sheet	**324.50**		410.78
Less :Difference between depreciation on Revalued cost of Plant and Machinery and original cost thereof for the period transferred to Profit & Loss account.	**(85.40)**		(86.28)
		239.10	324.50
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		**11,030.99**	7,399.10
TOTAL		**18,663.00**	15,095.77

	Refer Notes		
SCHEDULE 3:			
SECURED LOANS :			
Loans and Advances from Banks :			
i) Cash Credit Accounts and Working Capital Demand Loans	1	**13,249.20**	12,662.39
ii) Equipment/ Car Loan	2	**10,395.16**	18,006.98
iii) Term Loan	3	**-**	1,250.00
Sub-Total		**23,644.36**	31,919.37
Other loans and Advances :			
Equipment / Car Loan	2	**-**	4.31
(Amount due within one year Rs.Nil (Previous year Rs. 4.31 lacs))			
TOTAL		**23,644.36**	31,923.68

NOTES:

1. Secured by a first charge on the immovable properties of the Company situated in Andheri, Mumbai and Nagpur on a pari-passu basis. Further secured by hypothecation of the Company's stocks of construction materials, stores and work in progress, all other movable properties, plant and machinery and book debts on a pari-passu basis.
2. Secured by first charge by way of hypothecation of the equipment / car(s) financed.
3. Secured by charge on receivables older than 6 months.

SCHEDULE 4			
UNSECURED LOANS :			
Short term Loans and advances			
From Banks	**7,250.00**		23,287.72
From Others - Commercial Papers	**14,142.07**		-
{Maximum amount raised during the year Rs.18,966.92 Lacs (previous year Rs.Nil.)}		**21,392.07**	23,287.72
Other loans and advances			
From Banks	**8,750.00**		13,750.00
From Others	**90.00**		90.00
		8,840.00	13,840.00
TOTAL		**30,232.07**	37,127.72

AFCONS INFRASTRUCTURE LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE 5
FIXED ASSETS

Rs.in Lacs

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
	As at 01.04.2009	Additions	Adjustments (refer note 6)	Deductions	Upto 31.03.2010	Upto 01.04.2009	For the Year	Adjustments (refer note 6)	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS												
Land - Freehold	1.58	-	-	-	1.58	-	-	-	-	-	1.58	1.58
Land - Leasehold	16.58	-	-	-	16.58	0.16	0.16	-	-	0.32	16.26	16.42
Buildings	1,853.54	-	-	-	1,853.54	1,106.10	61.74	-	-	1,167.84	685.70	747.44
Plant and Machinery	51,471.80	1,970.33	88.54	2,210.83	51,319.84	16,976.75	2,842.30	3.51	1,848.57	17,966.97	33,352.87	34,495.05
Leasehold Improvements	279.22	-	-	-	279.22	279.22	-	-	-	279.22	-	-
Floating Equipments etc.	3,582.50	308.65	-	132.55	3,758.60	1,887.24	258.12	-	116.30	2,029.06	1,729.54	1,695.26
Laboratory Equipments	88.69	-	-	-	88.69	31.74	5.85	-	-	37.59	51.10	56.95
Office Equipments	1,213.58	162.77	-	19.67	1,356.68	372.21	97.97	-	11.85	458.33	898.35	841.37
Furniture and Fixtures	204.09	19.30	-	13.74	209.65	75.03	13.50	-	3.46	85.07	124.58	129.06
Motor Vehicles	184.18	-	-	-	184.18	41.92	10.85	-	-	52.77	131.41	142.26
Sub Total	58,895.76	**2,461.05**	**88.54**	**2,376.79**	**59,068.56**	20,770.37	**3,290.49**	**3.51**	**1,980.18**	**22,077.17**	**36,991.39**	38,125.39
INTANGIBLE ASSETS												
Software-Acquired	28.95	140.25	-	-	169.20	18.93	19.78	-	-	38.71	130.49	10.02
Sub Total	28.95	**140.25**	**-**	**-**	**169.20**	18.93	**19.78**	**-**	**-**	**38.71**	**130.49**	10.02
Total	58,924.71	**2,601.30**	**88.54**	**2,376.79**	**59,237.76**	20,789.30	**3,310.27**	**3.51**	**1,980.18**	**22,115.88**	**37,121.88**	
Previous Year	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
Capital Work in Progress (Including advances)											1,681.45	1,977.62
TOTAL											**38,803.33**	40,113.03

NOTES :

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

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

(b) Revalued amounts substituted for Historical Cost as at 1st April, 1990 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 2010 includes assets of Rs.Nil (previous year Rs.45.82 Lacs) where the title is yet to be transferred in the name of the Company.

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

(6) The adjustments is towards excise duty capitalised during the year ended March 31, 2009, against which cenvat credit was availed in the current year, now reversed.

AFCONS INFRASTRUCTURE LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	RS. IN LACS	RS. IN LACS	As At 31st March 2009 RS. IN LACS
SCHEDULES 6			
INVESTMENTS (Long Term - Non-Trade, fully paid, at cost)			
(A) Investments in Government Securities (Unquoted) :			
National Savings Certificates of the Face Value of Rs.0.55 Lac (Previous year Rs.0.55 lac) (matured) -Lodged with Government Authorities and Clients		**0.55**	0.55
(B) Investments in Equity Shares of Subsidiary Companies (Unquoted) :			
(i) 2,02,610 Shares of HAZARAT & COMPANY PRIVATE LIMITED of Rs. 10 each.	**20.26**		20.26
(ii) 1,00,000 Shares of AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED of Rs.10 each.	**25.50**		25.50
(iii) 48,000 Shares of SSS ELECTRICALS (INDIA) PRIVATE LIMITED of Rs.10 each.	**4.80**		4.80
(iv) 20,000 Shares of AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED of 1 Euro each.	**12.51**		12.51
(v) 147 Shares of AED 1000 each in Afcons Constructions Mideast LLC*	**17.65**		17.65
*Subsidiary on the basis of control on the composition of the Board of Directors.		**80.72**	80.72
(C) Other Investments :			
(a) Quoted :			
(i) 40,072 (Previous year 80,072) Equity Shares of Rs.10 each in HINDUSTAN OIL EXPLORATION COMPANY LIMITED.	**29.34**		58.63
(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
		29.89	59.18
(b) Unquoted :			
(i) 1 Equity Share of Rs.100 each in Afcons (Mideast) Constructions and Investments Private Limited #	-		-
(ii) 50,000 Units of Rs.10 each of SBI Infrastructure Fund	**5.00**		5.00
(iii) 50,000 Units of Rs.10 each of UTI Infrastructure Advantage Fund-Series I	**5.00**		5.00
		10.00	10.00
(D) Investment in the Capital of a Partnership Firm :			
AFCONS PAULING JOINT VENTURE		**174.00**	174.00
TOTAL		**295.16**	324.45

# denotes value less than rupees one thousand.

NOTES:-

		RS. IN LACS	31st March 2009
1 Aggregate Value Of Investments			
Unquoted - Cost		**265.27**	265.27
Quoted - Cost		**29.89**	59.18
Market Value of Quoted		**96.31**	49.11
2 Details of Investments purchased and sold during the year			
12,984,832 units of Birla Sunlife Fund		**1,300.00**	Nil

SCHEDULE 7

		RS. IN LACS	31st March 2009
INVENTORIES : (At cost or net realisable value whichever is lower)			
Stores and Spare Parts		**3,359.33**	3,887.87
STOCK IN TRADE - Construction Materials.		**9,476.01**	13,768.20
TOTAL		**12,835.34**	17,656.07

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	RS. IN LACS	RS. IN LACS	As At 31st March 2009 RS. IN LACS
SCHEDULE 8			
SUNDRY DEBTORS:			
(Unsecured)			
Debts Outstanding for a period exceeding Six Months			
a) Arbitration Awards	**9,123.04**		7,934.43
b) Others *	**9,119.71**		7,839.56
		18,242.75	15,773.99
Other Debts			
a) Arbitration Awards	**309.22**		759.27
b) Others *	**18,546.58**		16,811.64
		18,855.80	17,570.91
		37,098.55	33,344.90
Less : Provision for Doubtful Debts		**2,009.65**	438.59
TOTAL		**35,088.90**	32,906.31

Notes:
1) * Includes Retention Money/ Security Deposit aggregating to Rs 6,071.69 Lacs (Previous Year Rs. 6,380.86 Lacs), of which Rs.3,404.73 Lacs (Previous Year Rs.3,415.30 Lacs) is outstanding for more than six months.
2) Debtors include :

Considered Good	**35,088.90**	32,906.31
Considered Doubtful	**2,009.65**	438.59
	37,098.55	33,344.90

	RS. IN LACS	RS. IN LACS	As At 31st March 2009 RS. IN LACS
SCHEDULE 9			
CASH AND BANK BALANCES :			
Cash on hand		**29.02**	57.39
Balances with Scheduled Banks:			
(i) In Current Accounts	**965.15**		777.82
(ii) In Deposit Accounts	**338.31**		24.93
(iii) In B.G. Margin Accounts	**130.56**		277.39
		1,434.02	1,080.14
[Deposits includes Rs.335.11 Lacs (Previous Year Rs.21.92 Lacs) including interest accrued Rs.11.50 Lacs (Previous Year Rs.0.26 Lacs) over which Banks and Clients have lien.]			
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.1,073.33 Lacs ; Previous Year Rs.167.73 Lacs)	**45.05**		62.84
(iv) In Current Account with Indian Ocean International Bank -Marutius (Maximum Balance During the year Rs.456.06 Lacs; Previous Year Rs.1,688.63 Lacs)	**12.66**		12.17
(v) In Current Account with SBI International Marutius Limited (Maximum Balance During the year Rs.290.74 Lacs; Previous Year Rs.Nil Lacs)	**2.31**		-
(vi) In Current Account with Emirates Bank International (Maximum Balance During the year Rs.1,289.99 Lacs; Previous Year Rs.Nil Lacs)	**50.07**		-
(vii) In Current Account with National bank of Oman (Maximum Balance During the year Rs.1,260.46 Lacs; Previous Year Rs.Nil Lacs)	**69.69**		-
(viii) In Current Account with Oman Arab Bank (Maximum Balance During the year Rs.113.31 Lacs; Previous Year Rs.Nil Lacs)	**92.09**		-
	289.38		92.52
Less : Provision	**17.51**		17.51
		271.87	75.01
TOTAL		**1,734.91**	1,212.54

* 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, 2010

SCHEDULE 10	RS. IN LACS	RS. IN LACS	As At 31st March 2009 RS. IN LACS
LOANS AND ADVANCES:			
(Unsecured and considered good)			
Advances and Loans:			
To Subsidiary Companies	**66.43**		2,316.87
To a Partnership Firm in which the Company is a Partner	**699.58**		771.77
To a Joint Venture Entity	**1,851.71**		-
		2,617.72	3,088.64
Deposit with a company		**11.15**	10.29
{including interest accrued Rs.1.15 Lacs (Previous year 0.29 Lacs)}			
Interest accrued on deposits / investments		**11.50**	1.26
Advances recoverable in cash or in kind or for value to be received		**5,555.67**	6,861.02
Advance Income Tax (Net of Provision for Income Tax of Rs.1,037.30 lacs, Previous Year.Rs.986 lacs)		**489.29**	1,051.66
MAT Credit entitlement		**762.23**	758.04
		9,447.56	11,770.91
Less : Provision for Doubtful advances		**141.73**	31.39
TOTAL		**9,305.83**	11,739.52
Note:			
Advances include :			
Considered Good		**9,305.83**	11,739.52
Considered Doubtful		**141.73**	31.39
TOTAL		**9,447.56**	11,770.91

SCHEDULE 11			
LIABILITIES :			
Sundry Creditors			
(i) Total outstanding dues to micro,medium and small enterprises (Refer note no. 11 of Schedule 19)	**72.26**		117.09
(ii) Total outstanding dues to creditors other than micro and small enterprises	**18,660.76**		34,934.20
		18,733.02	35,051.29
Other Liabilities		**12,017.92**	1,988.20
Advances from Clients		**1,064.06**	5,285.20
Temporary Book overdraft		**9.47**	-
Interest accrued but not due on Loans		**508.05**	115.82
Unclaimed Matured Fixed Deposits *		**6.49**	8.19
TOTAL		**32,339.01**	42,448.70

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

SCHEDULE 12			
PROVISIONS :			
Provision for Tax (Net of Advance Tax of Rs.3,416.88 lacs, Previous Year Rs.2,079.35 lacs)		**138.27**	290.05
Provision for Compensated Absences		**354.25**	349.90
Provision for Gratuity		**246.89**	219.16
Provision for Expected losses		**415.64**	491.03
Proposed Dividend (including tax on dividend Rs. 0.59 lac, previous year Rs.0.59 lac)		**4.09**	4.09
TOTAL		**1,159.14**	1,354.23

SCHEDULE 13			
INCOME FROM OPERATIONS:			
Contract Revenue (Gross)	**149,032.60**		203,917.34
Less : Value added tax	**3,171.80**		3,840.95
		145,860.80	200,076.39
Sale of Scrap		**799.29**	988.90
TOTAL		**146,660.09**	201,065.29

SCHEDULE 14			
OTHER INCOME :			
Interest Income:			
On Arbitration awards	**657.89**		736.04
On Other Investments (Long Term Investments)	**0.93**		5.40
On Deposit with Banks	**20.99**		17.88
{Tax deducted at source Rs. 2.72 Lacs (Previous year Rs.3.41 Lacs)}			
On Income Tax Refund	**53.61**		278.14
On Others	**124.00**		233.88
		857.42	1,271.34
Dividend On Current Investments		**0.45**	2.42
Service charges		**245.53**	0.60
Excess provision for expenses in respect of earlier years written back		**369.05**	646.19
Profit on Sale of Fixed Assets (Net)		**-**	40.89
Profit on Sale of Long term Investments (Non trade)		**91.66**	114.25
Insurance Claim		**342.81**	272.64
Duty Scrip Credit Availed		**1,581.09**	753.74
Miscellaneous Income		**879.87**	859.18
TOTAL		**4,367.88**	3,961.25

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

		RS. IN LACS	RS. IN LACS	Previous year RS. IN LACS
SCHEDULE 15				
COST OF CONSTRUCTION				
Construction Materials Consumed			**59,485.28**	100,567.58
{Net of sales Rs.1662.06 Lacs (Previous year Rs. 4350.42 Lacs)}				
Sub-Contract and Hire Charges			**28,986.81**	40,214.07
Stores and Spares Consumed			**1,721.04**	1,902.23
{Net of sales Rs. 78.96 Lacs (Previous year Rs. 161.86 Lacs)}				
Power and Fuel			**3,516.71**	5,348.55
Site Installation expenses			**997.85**	1,137.18
Freight, Packing, Forwarding and Transport expenses			**1,050.25**	1,450.64
	TOTAL		**95,757.94**	150,620.25
SCHEDULE 16				
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages, Bonus and Allowances			**15,328.90**	17,150.92
Contribution to Provident and Other Funds			**1,065.95**	1,334.32
Welfare Expenses			**1,002.92**	1,122.12
	TOTAL		**17,397.77**	19,607.36
SCHEDULE 17				
OPERATIONAL AND OTHER EXPENSES				
Electricity			**198.27**	190.30
Rent			**1,039.32**	1,283.12
Rates and Taxes			**1,469.01**	1,167.56
Insurance			**1,330.33**	1,329.49
Repairs:				
To Plant and Machinery		**116.03**		175.36
To Building		**15.86**		48.06
To others		**638.88**		633.60
			770.77	857.02
Travelling and Conveyance expenses			**2,298.32**	2,951.34
Communication Costs			**313.74**	366.70
Legal and Professional Fees			**2,344.75**	2,740.34
Directors Sitting Fees			**6.80**	7.90
Loss on sale / discard of Fixed Assets (net)			**210.25**	-
Share of Loss from a firm in which the company is a partner			**0.80**	0.58
Finance Lease Rentals			**-**	8.74
Provision for expected loss			**-**	399.77
Loss on Foreclosure of Contract			**6,483.00**	-
Donations			**7.92**	8.61
Bad/Irrecoverable Debtors/ Unbilled Revenue/ Advances written off			**315.36**	87.42
Provision for Doubtful debts and advances			**2,027.06**	305.62
Loss on Exchange (Net)			**249.99**	765.99
Deferred revenue expenditure written off			**180.68**	180.68
Miscellaneous Expenses			**1,910.99**	2,196.35
	TOTAL		**21,157.36**	14,847.53
SCHEDULE 18				
INTEREST AND FINANCIAL CHARGES				
On Fixed Loans			**5,195.71**	5,527.08
On Bank Cash Credit, Working Capital Demand Loans, etc.			**899.88**	1,592.98
Bank Charges including Bank Guarantee Commission			**855.01**	915.17
Interest on Advances from Clients			**722.26**	1,078.53
Other Interest			**222.37**	367.67
	TOTAL		**7,895.23**	9,481.43

SCHEDULE NO. 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 not exceeding five years from the date(s) of installation.

Intangible Fixed Assets

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

Depreciation / Amortisation

Depreciation on fixed assets (including revalued assets) is provided on the straight-line basis in accordance with the provisions of the Companies Act, 1956, at the rates and in the manner specified in schedule XIV to the Act.

Capital spares consumed are capitalized and amortized over a period of four years.

The difference between depreciation on revalued cost and original cost has been withdrawn from Revaluation Reserve and credited to the Profit and Loss Account.

Cost of the Intangible Assets viz computer software is amortized over a period of five years.

Impairment

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

Investments

Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost. However, when there is a decline, other than temporary in the value of the long term investment, the carrying amount is reduced to recognize the decline.

Investment in shares of the subsidiaries registered outside India, are stated at cost by converting at the rate of exchange prevalent at the time of acquisition thereof.

Inventories

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. In the case of Arbitration Awards (the “Awards”) which are granted unanimously in favour of the Company, the claims awarded, are accounted in the year the Awards are received. The interest granted on such claims is recognised as per terms of the Awards.

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

Export Benefits:

Export benefits in the form of duty credit entitlement licenses granted by the Government of India under the “Served from India” scheme on the basis of export realizations made are accounted for on receipt of duty credit licenses.

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) Other Benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees is recongnized during the period when the employee renders the services

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

Borrowing costs

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

Segment Reporting

The following accounting policies have been followed for segment reporting:

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

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

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

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.

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. 336.94 Lacs (As at 31st March 2009. Rs. 751.27 Lacs).

2. Contingent liabilities **Rupees (in Lacs)**

Sr. No.	Particulars	As at 31st March,2010	As at 31st March,2009
1.	Claims against the Company not acknowledged as debts		
	a) Liquidated damages against the company	**-**	331.32
	b) Differences with sub-contractors in regard to rates and quantity of materials.	**686.66**	713.92
	c) Proposed Recovery by the Government of Andhra Pradesh towards Sales Tax on B.T. escalation.	**-**	218.19
	d) Labour and other matters.	**1.00**	1.00
	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.	**70,791.39**	20,480.60
	b) Corporate Guarantees given on behalf of Subsidiaries and Joint Ventures.	**71,127.14**	82,406.40
3.	Sales tax and Extra 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.	**1,929.82**	1,651.03
4.	Excise Duty Represents demands raised by Central Excise Department for Excisability of girders. The Company is confident that the cases will be successfully contested.	**1,322.87**	227.38
5.	Service Tax Represents demand confirmed by the Asst. Commissioner of Service Tax for disallowance of Cenvat Credit, since abatement claimed. The Company has appealed against the said order with Commissioner of Service Tax Mumbai and is confident that Cenvat Credit will be allowed as it is project specific and abatement has not been availed on the same.	**2.84**	-

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'. The balance in capital account as on 31st March, 2010 is Rs. 174.00 Lacs (as at 31st March, 2009, Rs. 174.00 Lacs). The profit / loss sharing ratio is as follows:

	31st March 2010		31st March 2009	
	Profit	Loss	Profit	Loss
Afcons Infrastructure Limited	95%	100%	95%	100%
Pauling P.L.C., UK.	5%	-	5%	-

4. The Company was awarded a Contract by East Central Railway (the "Client") for construction of a Bridge over the river Sone at Dehri-on-Sone in Bihar on April 24, 2003 with an expected completion date of April 23, 2007 for the contract price of Rs. 21,178/- lacs.

   Due to certain factors such as delays in finalising designs, which was the Client's responsibility and granting of requisite approvals by the Client, the date of completion of the work was extended by the Client up to December 31, 2009. Further, the requirement of materials such as steel and cement increased significantly based on the approved designs as compared to the quantity considered on the tendered design. This was additionally accompanied by an unprecedented rise in the prices of construction materials - mainly steel and cement between the years 2003 and 2008, due to which the company incurred additional costs. Consequently, certain price variation claims were lodged with the Client during the years ended March 31, 2006, 2007, 2008 and 2009. These price variation claims representing only costs aggregating to Rs. 6,483/- lacs were accounted as income during the respective years.

   In the meanwhile, the Railway Board constituted a high-powered committee to deliberate on the representations made by the Company and recommend a course of action to be adopted for early completion of work. The Committee decided that the Company's case is a special case with special circumstances and hence eligible for compensation for variation in price. However the Client has expressed its unwillingness to settle the Company's claim based on the above recommendations and has preferred the arbitration process. In the meanwhile, the Company stopped work on the project in October 2009 on account of non-settlement of the compensation issue by the Client. After prolonged and unsuccessful negotiations, the contract was foreclosed by the Client from October 20, 2009, vide letter dated December 29, 2009 with no financial repercussions on either side. An amount of Rs. 6,483/- lacs was appearing in the books of the Company as at March 31, 2010 being the Unbilled Revenue, in terms of Para 31 of the Accounting Standard 7 – Construction Contract, which represents the price variation claims, in respect of the increase in the costs of steel and cement as mentioned above.

   The matter is being referred to the Railway Arbitration panel. Notwithstanding the strong merits of this case, considering the fact that the Railway Arbitration process takes unduly long period of time and is subject to Railway's internal Regulations, the Company is not certain about a positive outcome in this Arbitration.

   Hence, after considering all the above factors, as a matter of prudence, and the provision of para 27 and 33 of the Accounting Standard 7 - Construction Contract, the Company has recognised the aforesaid amount of Rs. 6,483/- lacs as an expense. This has been included in schedule 17 under the head 'Loss on foreclosure of contract'.

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

Rupees (in Lacs)

Particulars	**Current Year**	As at 31st March,2009
To the Managing Director and two Whole-time Directors		
Salaries	**41.49**	44.10
Contribution to Provident and other funds	**11.20**	11.91
Perquisites/ Allowances	**135.46**	135.33
Total	**188.15**	191.34

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.

iii) The above includes remuneration paid to one whole time director for the period from April 1, 2009 to September 30, 2009.

6. Payments to auditors

Rupees (in Lacs)

	Current Year	As at 31st March,2009
i) As auditors	**27.50**	27.50
ii) As adviser, or in any other capacity, in respect of Taxation matters*	**1.50**	1.50
iii)For tax audit	**1.50**	10.00
iv) In any other manner (certification work, etc.)	**16.50**	30.25
v) For expenses	**1.00**	-
vi) For service tax	**4.94**	7.90
Total	**52.94**	77.15

*includes payments of Rs. Nil (Previous year Rs.8.50 lacs) for taxation matters to an affiliated firm of one of the joint auditors covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

7. Expenditure in foreign currency

Rupees (In Lacs)

	Current Year	As at 31st March, 2009
Construction materials consumed	**5,206.20**	3,541.34
Sub – Contract and Hire Charges	**4,466.75**	4,534.44
Technical consultancy fees	**590.62**	324.74
Professional Fees	**290.73**	457.54
Rent	**173.41**	152.06
Salaries, Wages & Bonus	**614.64**	1,024.69
Interest	**102.89**	236.06
Tax	**216.27**	10.57
Freight & Transportation	**439.11**	880.66
Traveling Expenses	**457.31**	608.55
Staff Welfare Expenses	**951.02**	934.56
Insurance	**439.12**	372.40
Clearing Charges for imported spares	**120.71**	58.11
Bank Guarantee Commission	**206.06**	152.63
Repairs and Maintenance	**59.28**	106.96
Others	**747.54**	628.23
Total	**15,081.66**	14,023.54

8. C.I.F. value of imports

Rupees (in Lacs)

	Current Year	As at 31st March, 2009
Capital goods	**1,106.50**	4,065.57
Consumables	**1,241.06**	2,021.51
Total	**2,347.56**	6,087.08

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

Rupees (in Lacs)

	Current Year	As at 31st March, 2009
Construction materials consumed	**73.18**	100.45
Stores and spares consumed	**52.38**	310.89
Repairs	**155.47**	102.48
Others	**40.60**	15.33
Total	**321.63**	529.15

10. Earnings in foreign currency

Rupees (in Lacs)

	Current Year	As at 31st March, 2009
Value of work executed (Refer Note below)	**36,513.69**	18,457.85
Sale of Scrap	**118.84**	174.23
Insurance Claim Received	**-**	127.16
Interest and Other Income	**182.59**	222.88
Hire Charges recovery	**296.85**	268.27
Service Charges	**244.93**	-
Others	**-**	54.98
Total	**37,356.90**	19,305.37

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

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

Rupees (in Lacs)

Sr. No.	Particulars	Current Year	As at 31st March,2009
1.	Principal amount outstanding	**72.14**	117.09
2.	Interest due on (1) above and unpaid	**0.12**	-
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	**-**	-
6.	Interest accrued and remaining unpaid	**-**	-
7.	Amount of further interest remaining due and payable in succeeding year	**-**	-

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.

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

Rupees (in Lacs)

Particulars	Current Year	As at 31st March,2009
a) Contract Revenue	**149,032.60**	203,917.34
b) Disclosure for contracts in progress:		
(i) Aggregate amount of costs incurred	**616,055.77**	488,652.69
(ii) Recognized profits (less recognized losses)	**77,851.23**	56,688.03
(iii) Advances Received	**12,106.78**	22,786.98
(iv) Retention Money	**5,357.02**	5,495.60
c) Gross amount due from customers for contract work	**9,547.44**	18,887.87
d) Gross amount due to customers for contract work	**22,272.24**	14,645.75

13. 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)

Particulars	Current Year	As at 31st March,2009
Plant and machinery (cost)	**Nil**	11.28
Future lease rental obligations	**Nil**	0.02

14. 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)

Rupees (in Lacs)

A. Assumptions	Current Year	31st March, 2009	31st March, 2008
Discount Rate	**8.25%**	7.75%	8.00%
Rate of Return on Plan Assets	**8.00%**	8.00%	8.00%
Salary Escalation	**4.50%**	4.50%	4.50%
Mortality Table	**LIC(1994-96) Ultimate**	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate
B. Changes in the Benefit Obligation			
Liability at the Beginning of the year	**800.38**	629.02	550.95
Interest Cost	**65.47**	52.84	47.04
Current Service Cost	**100.59**	77.02	59.60
Past Service Cost	**19.85**	-	-
Benefit Paid	**(112.50)**	(90.90)	(46.00)
Actuarial Loss/ (Gain) on obligations	**16.20**	132.40	17.43
Liability at the end of the year	**889.99**	800.38	629.02

Assumptions	Current year	31st March, 2009	31st March, 2008
C. Fair Value of the Plan Asset			
Fair Value of Plan Asset at the beginning of the year	**581.22**	491.61	361.58
Expected Return on Plan Asset	**51.60**	46.49	38.31
Contributions	**120.00**	135.00	140.24
Benefit paid	**(112.50)**	(90.90)	(46.00)
Actuarial Gain/ (Loss) on Plan Assets	**2.78**	(0.98)	(2.52)
Fair value of Plan Assets at the end of the year	**643.10**	581.22	491.61
Total Actuarial Loss to be Recognized	**(13.42)**	(133.38)	(19.95)
D. Actual Return on Plan Assets:			
Expected Return on Plan Assets	**51.60**	46.49	38.31
Actuarial Gain/ (Loss) on Plan Assets	**2.78**	(0.98)	(2.52)
Actual Return on Plan Assets	**54.38**	45.51	35.79
E. Amount Recognized in the Balance Sheet:			
Liability at the end of the year	**889.99**	800.38	629.02
Fair Value of Plan Assets at the end of the year	**643.10**	581.21	491.61
Unrecognized Past Service Cost	**-**	-	-
Amount recognized in the Balance Sheet	**(246.89)**	(219.16)	(137.41)
F. Expense Recognized in the Profit and Loss Account:			
Current service cost	**100.59**	77.02	59.60
Interest Cost	**65.47**	52.84	47.04
Expected Return on Plan Assets	**(51.60)**	(46.49)	(38.31)
Past Service Cost	**19.85**	-	-
Net Actuarial Gain / Loss to be recognized	**13.42**	133.38	19.95
Expense recognized in the Profit and Loss Account under staff expenses	**147.73**	216.75	88.28
G. Reconciliation of the Liability recognized in the Balance Sheet:			
Opening Net Liability	**219.16**	137.41	189.37
Expense recognized	**147.73**	216.75	88.28
Employers Contribution	**(120.00)**	135.00	140.24
Amount recognized in the Balance Sheet under “Provision for Retirement Benefits”	**246.89**	219.16	137.41

(b) Compensated Absences (Non funded) :

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

Note :

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

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

iii) The details of experience adjustments on account of Plan Liability and Plan Asset as required by Para 120 (n) (ii) of AS-15 is Rs. 44.48 Lacs (loss) and Rs. 2.78 Lacs (gain) respectively. However, as the details of experience adjustments on account of Plan Liability and Plan Asset for earlier periods are not readily available in valuation reports and hence not furnished.

iv) Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is Rs. 120 Lacs.

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

vi) In the absence of detailed information regarding investment pattern of plan assets from Life Insurance Corporation of India, the same has not been disclosed by the Company.

15. 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	**109,976.88**	**36,683.21**	**146,660.09**
		(182,433.21)	(18,632.08)	(201,065.29)
B.	Carrying amount of assets (Excluding Taxes on Income and Investment)	**135,672.69**	**15,425.08**	**151,097.77**
		(159,375.68)	(12,745.64)	(172,121.32)
C.	Addition to fixed assets	**2,120.70**	**184.43**	**2,305.13**
		(11,351.40)	(278.10)	(11,629.50)

Figures in parenthesis are those of previous year.

16. 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
Afcons Construction Mideast LLC
Afcons Infrastructure International Limited (AIIL)
Afcons Madagascar Overseas SARL (wholly owned Subsidiary of AIIL)
Afcons Gulf International Projects Services FZE (wholly owned Subsidiary of AIIL)
Afcons Gunanusa Joint Venture (w.e.f. 16th September, 2008) (also a Jointly Controlled Entity)
Transtonnelstroy Afcons Joint Venture (w.e.f. 12th March 2010) (also a Jointly Controlled Entity)

Fellow Subsidiary(s)
Sterling Investments Corporation Private Limited
Floreat Investments Limited
Cyrus 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
Strabag AG Afcons Joint Venture (w.e.f. 8th July 2009)
Saipem Afcons Joint Venture (w.e.f. 25th June 2009)

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) upto 30th September, 2009.

AFCONS INFRASTRUCTURE LIMITED

Details of transaction with related parties for the period 01/04/2009 to 31/03/2010

(Rs. in Lacs)

Nature of Transaction	Holding Company(s)		Subsidiary Companies		Fellow subsidiary(s)		Partnership Firm in which Company is a partner		Joint Venture(s)		Associate Company		Jointly Controlled Entity		Key Management Personnel		Total	
	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809
Managerial Remuneration paid																		
K.Subrahmanian															84.32	76.22	**84.32**	76.22
S.Paramasivan															63.38	56.97	**63.38**	56.97
A.N.Jangle															40.45	56.13	**40.45**	56.13
Sitting Fees paid																		
C.P.Mistry															0.80	0.90	**0.80**	0.90
Dividend on Preference Shares																		
Floreat Investments Limited					1.00	1.00											**1.00**	1.00
Finance Lease Charges																		
Afcons (Mideast) Constructions and Investments Private Limited											-	0.74					**-**	0.74
Service Charges																		
SSS Electricals (India) Private Limited			0.60	0.60													**0.60**	0.60
Saipem -Afcons Joint Venture									244.93	-							**244.93**	-
Afcons Infrastructure International Limited.			55.89	-													**55.89**	-
Interest Income - Current Account																		
SSS Electricals (India) Private Limited			-	0.61													**-**	0.61
Afcons Construction Mideast, LLC			117.42	216.19													**117.42**	216.19
Afcons Infrastructure International Limited.			4.98	6.19													**4.98**	6.19
Rent & Other Income																		
Afcons Gunanusa Joint Venture			95.63	-													**95.63**	-
Loan / Advance Given / (Refund)																		
Afcons Infrastructure International Limited.			(145.59)	140.64													**(145.59)**	140.64
Transtonnelstroy - Afcons Joint Venture			9,167.04	-													**9,167.04**	-
Afcons Gunanusa Joint Venture			1,455.61	268.86													**1455.61**	268.86
Strabag-AG Afcons Joint Venture									97.87	29.37							**97.87**	29.37
Reimbursement of Expenses incurred by Afcons																		
SSS Electricals (India) Private Limited			(3.94)	(29.89)													**(3.94)**	(29.89)
Hazarat & Company Private Limited			(0.33)	-													**(0.33)**	-
Afcons Offshore & Marine Services Private Limited			(0.06)	-													**(0.06)**	-
Afcons Construction Mideast, LLC			(3,873.10)	-													**(3,873.10)**	-
Afcons (Mideast) Constructions and Investments Private Limited											(0.41)	-					**(0.41)**	-
Afcons Gunanusa Joint Venture			(4,447.38)	-													**(4,447.38)**	-
Subcontract Income																		
Afcons Construction Mideast, LLC			8,427.56	4,789.09													**8,427.56**	4,789.09
Subcontract Expenses																		
SSS Electricals (India) Private Limited			12.18	3.74													**12.18**	3.74
Utilisation of Duty Credit scrip																		
Shapoorji Pallonji & Company Limited	55.95	386.70															**55.95**	386.70

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 Controlled Entity		Key Management Personnel		Total	
	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809	CY	PY-0809
Profit / (Loss) of share in partnership firm																		
Afcons Pauling Joint Venture							(0.80)	(0.58)									**(0.80)**	(0.58)
Rent Expense																		
Hazarat & Company Private Limited			1.20	1.20													**1.20**	1.20
Interest paid																		
Afcons (Mideast) Constructions and Investments Private Limited											5.85	5.85					**5.85**	5.85
Transtonnelstroy - Afcons Joint Venture			4.52	-													**4.52**	-
Sale of Spares																		
Shapoorji Pallonji & Company Limited	99.75	-															**99.75**	-
Hire charges																		
Shapoorji Pallonji & Company Limited	182.76	-															**182.76**	-
Afcons Construction Mideast, LLC			-	268.27													**-**	268.27
Saipem -Afcons Joint Venture									218.71	-							**218.71**	-
Project Management Consultancy Service Income																		
Afcons Gunanusa Joint Venture			3,141.00	-													**3,141.00**	-
Guarantees Given for / (Released)																		
SSS Electricals (India) Private Limited			10.34	(9.33)													**10.34**	(9.33)
Afcons Construction Mideast, LLC			-	82,406.40													**-**	82,406.40
Afcons Gunanusa Joint Venture			(400.00)	19,192.23													**(400.00)**	19,192.23
Strabag AG Afcons Joint Venture									15,180.09	100.00							**15,180.09**	100.00
Saipem-Afcons Joint Venture									12,638.06	-							**12,638.06**	-
Transtonnelstroy - Afcons Joint Venture			20,759.16	-													**20,759.16**	-
Outstanding amount of guarantee given / (taken)																		
Cyrus Investments Limited					(5,000.00)	(5,000.00)											**(5,000.00)**	(5,000.00)
SSS Electricals (India) Private Limited			31.80	21.47													**31.80**	21.47
Afcons Construction Mideast, LLC			71,127.14	82,406.40													**71,127.14**	82,406.40
Afcons Gunanusa Joint Venture			18,811.62	19,192.23													**18,811.62**	19,192.23
Strabag AG Afcons Joint Venture									15,280.09	100.00							**15,280.09**	100.00
Transtonnelstroy - Afcons Joint Venture			20,759.16	-													**20,759.16**	-
Saipem-Afcons Joint Venture									12,638.06	-							**12,638.06**	-
Outstanding Amount Dr / (Cr)																		
Shapoorji Pallonji & Company Limited	(15.31)	(387.32)															**(15.31)**	(387.32)
Afcons Offshore & Marine Services Private Limited			0.01	-													**0.01**	-
Afcons Infrastructure International Limited.			55.89	146.83													**55.89**	146.83
Afcons Construction Mideast, LLC			6,140.63	2,173.74													**6,140.63**	2,173.74
Afcons Madagascar Overseas SARL			10.53	(3.71)													**10.53**	(3.71)
Afcons Gunanusa Joint Venture			1,724.47	268.86													**1,724.47**	268.86
Strabag AG Afcons Joint Venture									127.24	29.37							**127.24**	29.37
Afcons SMCC Joint Venture									-	180.98							**-**	180.98
Afcons (Mideast) Constructions and Investments Private Limited											(90.00)	(90.00)					**(90.00)**	(90.00)
Transtonnelstroy - Afcons Joint Venture			(9,036.90)	-													**(9,036.90)**	-
Saipem -Afcons Joint Venture									1,295.62	-							**1,295.62**	-
Afcons Pauling Joint Venture							1,462.16	1,462.95									**1,462.16**	1,462.95

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.

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

Rupees (in Lacs)

	Current Year	As at 31st March, 2009
Differences in the value of depreciable assets between books and tax records	**(2,852.08)**	(2,248.17)
Provision for Doubtful Debts	**811.00**	103.88
Arbitration Awards	**(2,742.38)**	(2,518.76)
Others	**346.82**	317.44
Net deferred tax liability	**(4,436.64)**	(4,345.61)

18. Derivative Instruments:
Secured Loan taken in foreign currency as at the balance sheet date not covered by forward contracts are in **NIL** equivalent to **Rs. NIL Lacs** (as at 31st March, 2009 Euro 2,098,192 equivalent to Rs 1,445.86 Lacs).
Receivables and Payables in foreign currency as at the balance sheet date not covered by forward contracts are **Rs. 11,044.39 Lacs** (as at 31st March 2009 Rs.11,234.99 Lacs) and **Rs. 3,281.50 Lacs** (as at 31st March 2009 Rs.7,462.07 Lacs) respectively as given below.

				As at 31st March,2009			
Receivable		Payable		Receivable		Payable	
Rs. in (Lacs)	Foreign Currency	Rs. in (Lacs)	Foreign Currency	Rs. in (Lacs)	Foreign Currency	Rs. in (Lacs)	Foreign Currency
29.94	QR* 242011	**104.25**	QR* 842769	41.59	QR* 290001	106.26	QR* 741006
3017.50	OMR# 2570052	**1863.85**	OMR# 1587465	748.26	OMR# 550556	104.95	OMR# 77219
667.28	MAUR$ 43899689	**580.26**	MAUR$ 38175240	1972.16	MAUR$ 121543253	1467.63	MAUR$ 90449201
7119.38	UAED** 58069998	**331.39**	UAED** 2703015	5758.63	UAED** 40530916	3328.63	UAED** 23427872
0.31	USD@ 683	**208.38**	USD@ 462747	2334.91	USD@ 4475223	11.65	USD@ 22322
				293.69	MGA 1086531966	2395.92	MGA 8863923744
88.92	EURO 146763	**185.46**	EURO 306097	85.75	EURO 124437	30.78	EURO 44670
121.06	JOD 189091						
						16.26	GBP 21926
		7.91	CHF 18696				

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

19. Information relating to Jointly Controlled Entities:

Sr. No.	Name of the Joint Venture	Name of the Joint Venture Partner	Share of ownership interest	Country of Operation
1	SMCC Afcons Joint Venture (refer note below)	SMCC	50%	Yemen
2	Saipem Afcons Joint Venture	Saipem	50%	Oman
3	Strabag AG Afcons Joint Venture	Strabag A.G.	40%	India

Rupees (in Lacs)

Sr. No.	Company's share in Assets	Company's share in Liabilities	Company's share of Income	Company's share of Expenses
1.	**-** (1,630.64)	**-** (1,630.64)	**-** (-257.53)	**-** (236.93)
2.	**8,970.01** (-)	**8,970.01** (-)	**3,387.42** (-)	**3,387.42** (-)
3.	**8,852.02** (-)	**8,852.02** (-)	**630.98** (-)	**572.98** (-)
Total CY	**17,822.03**	**17,822.03**	**4,018.40**	**3,960.40**
Total PY	(1,630.64)	(1,630.64)	(-257.53)	(236.93)

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

Note : SMCC Afcons Joint Venture was completed during the previous year.

20. Employee Stock Option Plan.

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

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

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

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

	Current Year	Previous Year
Particulars	**Quantity**	**Quantity**
Authorised to be Granted	**1,785,000**	1,785,000
Granted and Outstanding at the beginning of the year	**6,29,500**	6,54,550
Granted during the year	**Nil**	Nil
Forfeited during the year	**Nil**	Nil
Exercised during the year	**2,96,134**	4,380
Lapsed during the year	**29,906**	20,670
Granted and outstanding at the end of the year	**3,03,460**	629,500
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 India.
Had the company followed fair value method for accounting the stock option, compensation expenses would have been higher by Rs.28.56 Lacs (Previous Year Rs. 59.24 Lacs). Consequently profit after tax would have been lower by like amount and Basic Earning per share would have been lower by Rs.0.04 (Previous Year Rs.0.08) per share and Diluted Earnings per share would have been lower by Rs.0.01 (Previous Year Rs. 0.02) 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

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

		Previous Year
	Rs. (in Lacs)	**Rs. (in Lacs)**
Profit after tax	**3,635.98**	4,935.26
Less: Dividend on 0.01% Convertible Non Cumulative Non Participatory shares (including dividend tax)	**4.09**	4.09
Profit for the year attributable to equity shareholders	**3,631.89**	4,931.17

Weighted average number of shares outstanding during the year	Numbers	Numbers
For basic EPS	**71,471,019**	71,402,244
For diluted EPS (refer note below)	**336,123,033**	336,054,258

Earnings per share	Rupees	Rupees
Basic	**5.08**	6.91
Diluted	**1.08**	1.47
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)	**71,471,019**	71,402,244
Add: Potential equity shares that could arise on conversion of 0.01%.Fully and Compulsorily convertible Non-cumulative, Non Participatory Preference shares at Rs 10 each (Refer Note below)	**250,000,000**	250,000,000
Add: Potential equity shares that could arise on conversion of 0.01% Non-cumulative, Non-Participatory Convertible Preference shares at Rs. 68.25 (converted into Non-cumulative Non Partici-patory Convertible during the year)	**14,652,014**	14,652,014
	336,123,033	**336,054,258**

Note:

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

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

For and on Behalf of the Board of Directors

C.P.MISTRY
Chairman

K.SUBRAHMANIAN
Managing Director

J.J. PARAKH
Director

S.PARAMASIVAN
Executive Director
(Finance & Commercial)

P.R.RAJENDRAN
Company Secretary

Place: Mumbai
Date: 17th June, 2010

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

Registration Details	
Registration no.	19335
State code	11
Balance sheet date	31-03-2010
Capital raised during the year	
Public issue	Nil
Rights issue	Nil
Bonus issue	Nil
Position of mobilization and deployment of funds	(amounts in Rupees '000s)
Total liabilities	15,264,445
Total assets	15,264,445
Sources of funds	
Paid-up capital	4,217,005
Reserves and surplus	1,866,300
Secured loans	2,364,436
Unsecured loans	3,023,207
Deferred Tax Liability (Net)	443,664
Share Application Pending Allotment	18
Application of funds	
Net fixed assets	3,880,333
Investments	29,516
Net current assets	8,004,781
Deferred revenue expenditure	-
Accumulated losses	-
Performance of Company	
Turnover	15,102,797
Total expenditure	14,452,966
Profit before tax	559,831
Profit after tax	363,598
Earnings per share	Refer note B(21) of schedule 19
Dividend rate %	-
Generic names of three principal services of Company	**Not applicable**

For and on Behalf of the Board of Directors

C.P.MISTRY **Chairman**	**K.SUBRAHMANIAN** **Managing Director**
J.J. PARAKH **Director**	**S.PARAMASIVAN** **Executive Director** **(Finance & Commercial)**
	P.R.RAJENDRAN **Company Secretary**

Place: Mumbai
Date: 17th June, 2010

AFCONS INFRASTRUCTURE LIMITED

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

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	Extent of interest of the Holding Company at the end of the Financial year of the	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 2010	2,02,610 Nos.of Rs.10/- Each	100 Percent	Profit 0.12	Profit 0.09	Nil	Nil Nil
SSS Electricals (India) Pvt. Limited	31st March 2010	48,000 Nos.of Rs.10/- Each	60 Percent	Profit 3.62	Profit 56.15	Nil	Profit 17.28
Afcons Offshore and Marine Services Pvt. Limited	31st March 2010	100,000 Nos. of Rs.10/- Each	60 Percent	Profit 0.79	Profit 61.07	Nil	Profit 6.07
Afcons Construction Mideast LLC Dubai, UAE	31st Dec 2009	147 Nos. of AED 1000 Each	49 Percent	Profit 816.88	Loss 166.98	Nil	Nil
Afcons Infrastructure International Ltd. (AIIL) Mauritius	31st Dec 2009	20000 Nos. of EURO 1 Each	100 Percent	Profit 1,892.65	Loss 8.37	Nil	Nil
Afcons Madagascar Overseas SARL (100 % subsidairy of AIIL) Madagascar	31st Dec 2009	100 Nos. of MGA 20000 Each	100 Percent	Profit 2,011.28	Profit 551.55	Nil	Nil
Afcons Gulf International Projects Services FZE (100 % subsidairy of AIIL) Fujairah	31st Dec 2009	1000 Nos. of AED 1000 Each	100 Percent	Profit 1.70	Nil	Nil	Nil

AFCONS INFRASTRUCTURE LIMITED

FINANCIAL HIGHLIGHTS

Rupees in lacs

	REVENUE ACCOUNTS				CAPITAL ACCOUNTS						EARNINGS & PAYOUT		
YEAR	TOTAL INCOME	DEPRECI ATION	(LOSS)/ PROFIT BEFORE TAXES & RESERVES	TAX	SHARE CAPITAL	RE- SERVES	BORROW- INGS	GROSS- BLOCK	CUM DEPRE- CIATION	NET BLOCK	EARN- INGS PER EQUITY SHARE OF RS 10	DIVIDEND PER EQ- UITY SHARE OF RS 10	DIVIDEND PAY OUT PER EQUITY SHARE OF RS 10
2000-01	31643	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	-	-
2009-10	151028	3221	5598	1962	42170	18424=	53876	59238	22116	37122	5.08	-	-

= Excluding Revaluation Reserves
** Excludes Tax on dividend

DIRECTORS' REPORT

To,
The Members of
HAZARAT & COMPANY PRIVATE LIMITED
Mumbai.

Your Directors have pleasure in presenting the Twenty-Eighth Annual Report of the Company and the audited statements of accounts for the year ended 31st March, 2010.

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 profit during the year was Rs.18,770/-.

2. DIRECTORS

Mr.H.J.Tavaria 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 that :

i) in the preparation of the annual accounts, for the financial year ended 31st March, 2010 , the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) 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 for the year ended 31st March, 2010 and the profit and loss of the Company for the year ended on that date ;

iii) 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; and

iv) the directors had prepared the annual accounts for the financial year ended 31st March, 2010 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 at the ensuing Annual General Meeting, has converted its sole proprietary concern into Partnership firm in the name of M/s.J.C.Bhatt & Associates, Chartered Accountants and is therefore not seeking reappointment 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 M/s.J.C.Bhatt & Associates, Chartered Accountants in place of Mr.J.C.Bhatt, Chartered Accountant, as Auditor of the Company.

M/s.J.C.Bhatt & Associates, Chartered Accountants have confirmed that they are eligible for appointment in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Auditor shall hold office from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting on the terms and conditions to be mutually agreed upon between the Board of Directors of the Company and the Auditor.

The Board of Directors therefore proposes the appointment of M/s.J.C.Bhatt & Associates, Chartered Accountants as Auditor of the Company.

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

On behalf of the Board

A.H. DIVANJI
DIRECTOR

Dated : 17th June, 2010

COMPLIANCE CERTIFICATE

Anant B Khamankar & Co.
COMPANY SECRETARIES
21, Sethi Mansion, lid Floor, Kumtha Street.
Ballard Estate, Mumbai 400 038.
Tel.: 2263 5450 Telefax: 91-22-2269 2961
Mobile : 98200 44752
E-mail : anant@khamankar.com

To the Members,
M/s. Hazarat and Company Private Limited
Warden House,
Sir P.M. Road,
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 2010 [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 29th day of June, 2009, 30th day September, 2009, 16th day of December, 2009 and 28th day of March, 2010 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, 2009 was held on 30th September, 2009 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 allotted / 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, 2010.
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.

FOR ANANT B.KHAMANKAR & CO.

Place: Mumbai
Date: 10th June, 2010

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 2010
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 share holdings under Section 307 of the Act.
6. Books of Accounts under Section 209 of the Act.

Other Registers:

Share Transfer Register.
Register of Director's Attendance.

ANNEXURE 'B' TO THE COMPLIANCE CERTIFICATE OF M/S. HAZARAT AND COMPANY PRIVATE LIMITED FOR THE YEAR ENDED 31st MARCH, 2010.

1. Annual Return made in Form No.20B upto 30.09.2009 filed on 19.11.2009 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 31.03.2009 Filed on 28.10.2009 under Section 220 of the Act with the Registrar of Companies, Maharashtra, Mumbai.
3. Compliance Certificate in Form No.66 for the financial year 31.03.2009 filed on 28.10.2009 under Section 383A(1) of the Act with the Registrar of Companies, Maharashtra, Mumbai.

Auditor's Report
To the Members of
Hazarat & Company Private Limited

I have audited the attached Balance Sheet of Hazarat & Company Private Limited as at 31st March, 2010 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, 2010 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, 2010
   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:17th June, 2010

HAZARAT & COMPANY PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	RUPEES	AS AT 31.03.2010 RUPEES	RUPEES	AS AT 31.03.2009 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)		**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		**6,259**		22,723
CURRENT LIABILITIES				
Liabilities for Expenses		**12,370**		11,370
Advance rent		**-**		-
Provision for Tax (net of advance tax)		**6,400**		4,400
		2,051,129		2,064,593
APPLICATION OF FUNDS :				
FIXED ASSETS				
Goodwill (See Notes to the Accounts No.1)		**2,000,000**		2,000,000
Furniture (See Notes to the Accounts No.1)	**20,000**		20,000	
Less : Depreciation	**18,838**	**1,162**	18,709	1,291
		2,001,162		2,001,291
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	**44,301**		56,203	
Cash in Hand	**1,076**	**49,967**	2,509	63,302
MISCELLANEOUS EXPENDITURE & LOSSES				
Loss as per Profit & Loss Account annexed		-		-
		2,051,129		2,064,593

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**

Place : Mumbai
Dated : 17th June, 2010

HAZARAT & COMPANY PRIVATE LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	FOR THE YEAR ENDED MARCH 2010	FOR THE YEAR ENDED MARCH 2009
INCOME	**120,000**	120,000
	120,000	120,000
EXPENDITURE		
Office Rent	**88,248**	88,248
Professional Charges	**8,794**	8,956
Audit Fees	**1,000**	1,000
Filing Fees	**-**	2,500
Profession Tax	**2,500**	2,500
Other Expenses	**559**	2,625
Depreciation	**129**	144
	101,230	105,973
Profit/(Loss) for the year	**18,770**	14,027
Less : Short provision of tax for previous year	**(28,834)**	(32,980)
Less : Provision for tax for current period	**(6,400)**	(4,400)
Add: (Loss) b/f from previous year	**22,723**	46,076
Profit /(Loss) carried to Balance Sheet	**6,259**	22,723
Basic and Diluted Earnings per share (Face Value Rs.10/-) Refer note 2 (5) of Schedule A	**0.06**	0.05

As per my report of even date,

For and behalf of Board of Directors

J. C. Bhatt	**A.H. DIVANJI**	**F.K. BHATHENA**	**H.J. TAVARIA**
Chartered Accountant	**Director**	**Director**	**Director**

Place : Mumbai
Dated : 17th June, 2010

Cash flow statement for the year ended 31st March, 2010

Particulars	**Current Year Rupees**	Previous Year Rupees
A.Cash flow from operating activities		
Profit before tax	**18,770**	14,027
adjustments for,		
Interest on S.T. Loan	**-**	-
Depreciation	**129**	144
Operating Profit before working capital changes	**18,899**	14,171
Increase /(Decrease) in trade and other payables	**1,000**	867
Increase /(Decrease) in loans and advances	**-**	(32,980)
Cash (used in) Operations	**19,899**	(17,942)
Net cash (used in) operating activities	**19,899**	(17,942)
Taxes Paid	**(33,234)**	-
Cash From Operations	**(13,335)**	(17,942)
B.Cash flow from investing activities	**-**	-
	-	-
C.Cash flow from financing activities		
Net Proceeds from Short Term Borrowings	**-**	-
Interest on S.T. Loan	**-**	-
Net cash generated from financing activities	**-**	-
Net increase/ (decrease) in cash and cash equivalents	**(13,335)**	(17,942)
Cash and cash equivalents at the beginning of the year	**63,302**	81,244
Cash and cash equivalents at the end of the year	**49,967**	63,302

As per my attached report of even date

For and behalf of Board of Directors

J. C. Bhatt	**A.H. DIVANJI**	**F.K. BHATHENA**	**H.J. TAVARIA**
Chartered Accountant	**Director**	**Director**	**Director**

Place : Mumbai
Dated : 17th June, 2010

HAZARAT & COMPANY PRIVATE LIMITED

SCHEDULE `A'
NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

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 where control exists:
   Related Party disclosure
   Holding company(s)
   Afcons Infrastructure Limited (directly)
   Shapoorji Pallonji & Company Limited (indirectly)
   Fellow Subsidiary
   SSS Electricals (India) Private Limited
   Afcons Offshore and Marine Services Private 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)	**18,770**	14,027
Weighted average number of shares outstanding during the year	**202610**	202610
Basic / diluted Earnings per share (in Rupees)	**0.06**	0.05
Nominal value per share (in Rupees)	**10**	10

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

Signatures to Schedule `A'

As per my report of even date,

For and behalf of Board of Directors

J. C. Bhatt
Chartered Accountant

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

Place : Mumbai
Dated : 17th June, 2010

7. 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	31.03.2010
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	20,51,129
	Total Assets	20,51,129
	Sources of Funds :	Amt. in Rupees
	Paid-up Capital	20,26,100
	Reserves & Surplus	6,259
	Secured Loan	Nil
	Unsecured Loan	Nil
	Application of Funds :	Amt. in Rupees
	Net Fixed Assets	20,01,162
	Investments	Nil
	Net Current Assets	31,197
	Misc. Expenses	Nil
	Accumulated Losses	Nil
IV.	**Performance of Company :**	Amt.in Rupees
	Total Income	1,20,000
	Total Expenditure	1,01,230
	Profit for the year	18,770
	Earning Per Share (Rs.)	0.06
	Dividend Rate %	Nil

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)
Not Applicable

For and behalf of Board of Directors

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

Place : Mumbai
Dated : 17th June, 2010

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

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

Your Directors are pleased to present the Twenty-Fourth Annual Report of the Company together with the audited statements of Accounts for the year 31st March, 2010.

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.20,758,043/- to Rs. 21,116,245/- and the Profit for the year is Rs.1,096,857/- 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. Acquisition of 32000 Shares by Afcons

During the year, the Company's member, Afcons Infrastructure Limited who were holding 60% of the equity capital in the Company has on 30th March 2010 entered into Shares Sales & Purchase Agreement with Starkstrom-und Signal-Baugesellschaft GmbH., Germany for acquiring it's 40% shareholding i.e. 32000 equity shares in the Company for a total consideration of Rs.1,60,000/-. Pursuant to the said acquisition the Company became wholly owned subsidiary of Afcons Infrastructure Limited.

4 . Change of Name of the Company

The Company is currently in the process of changing the name of SSS Electricals (India) Private Limited to Afcons Corrosion Protection Private Limited.

5. DIRECTORS

During the year Mr. Stephan Possekel and Mr. Hans Koch resigned as Directors of the Company w.e.f. 21st April 2010. The Board wish to place its appreciation of their valuable contribution to the growth and success of the Company.

Mr. R. P. Nagar, Alternate Director to Mr. Stephan Possekel also ceased to be Alternate Director w.e.f. 21st April 2010.

Mr. R. Giridhar and Mr. R. P. Nagar were appointed as Directors in casual vacancy on 21st April 2010 to fill the casual vacancy caused due to resignation of Mr. Stephan Possekel and Mr. Hans Koch respectively.

Mr. R. Giridhar holds office upto the date of the ensuing Twenty Fourth Annual General Meeting of the Company being the date on which Mr. Stephan Possekel would have retired by rotation. The Company has received notice from a member pursuant to section 257 of the Companies Act,1956 proposing his candidature for the office of Director.

Mr. A. H. Divanji retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

6. 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 that :

(i) in the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) 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 for the year ended 31st March, 2010 and the profit and loss of the Company for the year ended on that date ;

(iii) 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; and

(iv) the directors had prepared the annual accounts for the year ended 31st March, 2010 on a going concern basis.

7. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, 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 Board 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.

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.6.24 Lacs

8. 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.

9. AUDITORS

Mr.J.C.Bhatt, Chartered Accountant, the retiring Auditor at the ensuing Annual General Meeting, has converted its sole proprietary concern into Partnership firm in the name of M/s.J.C.Bhatt & Associates, Chartered Accountants and is therefore not seeking reappointment 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 M/s.J.C.Bhatt & Associates ,Chartered Accountants in place Mr.J.C.Bhatt & Associates, Chartered Accountant, as Auditor of the Company.

M/s.J.C.Bhatt & Associates,Chartered Accountants have confirmed that they are eligible for appointment in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Auditor shall hold office from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting on the terms and conditions to be mutually agreed upon between the Board of Directors of the Company and the Auditor.

The Board of Directors therefore proposes the appointment of M/s.J.C.Bhatt & Associates, Chartered Accountants as Auditor of the Company.

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

Dated: 17th June, 2010

For and on behalf of the Board

A.H.DIVANJI
DIRECTOR

Auditor's Report
To the Members of
SSS Electricals (India) Private Ltd.

1. I have audited the attached Balance Sheet of SSS Electricals (India) Private Limited as at March 31, 2010, 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, 2010 and taken on record by the Board of Directors, I report that, none of the directors is disqualified as on March 31, 2010 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, 2010;

   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.

Place: Mumbai
Date: 17th June, 2010

J.C.Bhatt
Chartered Accountant

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, 2010.

1. **Fixed Assets:**
   The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   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.
   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.
   c. 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, 2010 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, 2010

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.

Place: Mumbai
Date: 17th June, 2010

J.C.Bhatt
Chartered Accountant

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

BALANCE SHEET AS AT 31st MARCH, 2010

	SCHEDULE	Rupees	AS AT 31/03/2010 Rupees	AS AT 31/03/2009 Rupees
SOURCES OF FUNDS :				
SHAREHOLDERS' FUNDS				
Share Capital	1	**800,000**		800,000
Reserves & Surplus	2	**9,961,310**		9,357,613
			10,761,310	10,157,613
LOAN FUNDS :				
Unsecured Loan	3		**-**	-
Deferred tax liability			**-**	-
T O T A L			**10,761,310**	10,157,613
APPLICATION OF FUNDS :				
FIXED ASSETS	4			
Gross Block		**6,429,929**		5,552,734
Less : Depreciation		**3,565,385**		3,069,848
Net Block			**2,864,544**	2,482,886
Deferred Tax - Asset (Refer Note 7 of Schedule 11)			**-**	78,160
CURRENT ASSETS, LOANS AND ADVANCES	5			
Survey Work in Progress		**-**		1,745,201
Sundry Debtors		**8,004,323**		4,027,072
Inventory		**-**		82,047
Cash and Bank Balances		**2,401,110**		2,211,388
Loans & Advances		**1,971,637**		1,852,559
		12,377,070		9,918,267
LESS : CURRENT LIABILITIES & PROVISIONS	6			
Current Liabilities		**3,307,424**		1,424,237
Provisions		**1,172,880**		897,463
		4,480,304		2,321,700
Net Current Assets			**7,896,766**	7,596,567
T O T A L			**10,761,310**	**10,157,613**
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 on Behalf of the Board of Directors

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

Place : Mumbai
Dated : 17th June, 2010

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010

	SCHEDULE	FOR THE YEAR ENDED 31/03/2010 Rupees	FOR THE YEAR ENDED 31/03/2009 Rupees
INCOME :			
Sale of Services		**20,974,309**	14,445,937
Sale of Goods		**1,830,625**	4,425,871
Survey - WIP		**(1,745,201)**	1,745,201
Total Turnover		**21,059,733**	20,617,009
Other Income	7	**56,512**	141,034
		21,116,245	20,758,043
EXPENDITURE :			
Consumption of Materials		**1,417,666**	5,395,271
Direct Expenses	8	**9,422,750**	9,394,140
Other Expenses	9	**8,551,362**	4,068,564
Interest and Finance Costs	10	**132,073**	152,120
Depreciation	4	**495,537**	457,292
		20,019,388	19,467,387
Profit Before Tax		**1,096,857**	1,290,656
Less : Provision for tax			
Current tax		**415,000**	470,000
Deferred tax		**78,160**	(29,904)
Fringe Benefit tax		**-**	85,000
Profit Before extra-ordinary items and prior period expenses		**603,697**	765,560
Add : Excess provision of earlier year's written back		**-**	-
Less : Short provision of earlier years' written off		**-**	-
Net Profit After Tax		**603,697**	765,560
Profit Brought Forward From Previous Year		**8,557,576**	7,792,016
		9,161,273	8,557,576
APPROPRIATIONS RECOMMENDED :			
Proposed Dividend		**-**	-
General Reserve		**-**	-
Profit Carried forward in Balance Sheet		**9,161,273**	8,557,576
Notes To Accounts	11		
Net Profit as per Profit and Loss Account		**603,697**	765,560
Earning Per Share (Basic & Diluted)		**8**	10
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 Account

For and on Behalf of the Board of Directors

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

Place : Mumbai
Dated : 17th June, 2010

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	SCHEDULE	AS AT 31/03/2010 Rupees	AS AT 31/03/2009 Rupees
A. Cash Flow from Operating Activities :			
(Loss) / Profit before Tax and Extraordinary Items		**1,096,857**	1,290,656
Adjustments for :			
Depreciation		**495,537**	457,292
Interest income		**(56,512)**	(141,034)
Bank Charges and BG Commission		**76,924**	66,768
Interest expense		**55,149**	85,352
Operating Profits before working capital changes		**1,667,955**	1,759,033
(Increase) / Decrease in trade receivables		**(3,977,251)**	2,588,914
(Increase) / Decrease in inventories		**1,745,201**	28,791
(Increase) / Decrease in WIP		**82,047**	(699,701)
(Increase) in Loans & Advances		**(937,553)**	(572,528)
(Increase) / (Decrease) in trade, other payables & Provisions		**2,623,604**	(1,149,656)
Cash used in Operations		**1,204,002**	1,954,853
Income Tax (Paid) / Refund			
Income Tax Refund		**-**	-
Sales Tax Refund		**-**	-
Fringe Benefit Tax Paid		**(50,000)**	(50,000)
Bad Debts Recovered		**-**	-
CASH FROM OPERATIONS		**1,154,002**	1,904,853
B. Cash Flow from Investing Activities :			
Purchase of Fixed Assets		**(877,195)**	(178,071)
Interest Received		**44,988**	303,889
Net Cash (used in) investing activities		**(832,207)**	125,818
C. Cash Flow from Financing Activities :			
Proceeds / (Repayments) from short - term borrowings		**-**	(2,988,888)
Bank Charges and commission		**(76,924)**	(66,768)
Interest paid		**(55,149)**	(85,352)
Net Cash generated from financing activities		**(132,073)**	(3,141,008)
Net Increase in cash and cash equivalents		**189,722**	(1,110,337)
Cash and cash equivalents as at 1st April 2009		**2,211,388**	3,321,725
Cash and cash equivalents as at 31st March 2010		**2,401,110**	2,211,388
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 Account

For and on Behalf of the Board of Directors

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

Place : Mumbai
Dated : 17th June, 2010

SSS ELECTRICALS (INDIA) PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

		AS AT 31/03/2010 Rupees	AS AT 31/03/2009 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
T O T A L		**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		**9,161,273**	8,557,576
T O T A L		**9,961,310**	9,357,613
SCHEDULE 3			
UNSECURED LOANS			
Amount due to Holding Company - Afcons Infrastructure Ltd		**-**	-
Interest accrued and due		**-**	-
T O T A L		**-**	-

SCHEDULE 4

Fixed Assets

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Sr. No.	**Description of Assets**	**As at 01-Apr-09 Rupees**	**Additions During the Year**	**Deduction During the Year**	**As at 31-Mar-10**	**Upto 01-Apr-09**	**For the Year**	**Deduction for the Year**	**Upto 31-Mar-10**	**As at 31-Mar-10**	**As at 31-Mar-09**
		Rupees	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
1	Motor Vehicle	269,110	-	-	**269,110**	168,466	26,056	-	**194,522**	**74,588**	100,644
2	Furniture	38,163	-	-	**38,163**	13,769	4,414	-	**18,183**	**19,980**	24,394
3	Survey Equipments	4,847,173	835,670	-	**5,682,843**	2,581,284	415,405	-	**2,996,689**	**2,686,154**	2,265,889
4	Office Equipment	71,772	4,910	-	**76,682**	57,008	6,986	-	**63,994**	**12,688**	14,764
5	Computers	326,516	36,615	-	**363,131**	249,321	42,676	-	**291,997**	**71,134**	77,195
	Total	**5,552,734**	**877,195**	**-**	**6,429,929**	**3,069,848**	**495,537**	**-**	**3,565,385**	**2,864,544**	**2,482,886**
	Previous Year	5,374,663	178,071	-	5,552,734	2,612,556	457,292	-	3,069,848	2,482,886	2,762,107

AFCONS

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2010

		Rupees	AS AT 31/03/2010 Rupees	AS AT 31/03/2009 Rupees
SCHEDULE 5				
CURRENT ASSETS, LOANS AND ADVANCES :				
Work in Progress			-	1,745,201
SUNDRY DEBTORS				
Debts outstanding for a period exceeding six months				
Unsecured, considered good		185,317		134,217
Considered doubtful		-		-
(Includes retention amount of Rs.1,85,317/- (Previous year Rs.1,29,723/-)			185,317	134,217
Other Debts				
Unsecured, considered good		7,819,006		3,892,855
(Includes retention amount of Rs.7,08,595/- (Previous year Rs.1,51,668/-)			7,819,006	3,892,855
			8,004,323	4,027,072
Less : Provision for Doubtful Debts			-	-
			8,004,323	4,027,072
CASH AND BANK BALANCES				
Cash in Hand		5,111		67,267
Balance with Scheduled Banks				
In Current Accounts		1,895,999		2,144,121
In Term Deposits Accounts		500,000		-
			2,401,110	2,211,388
LOANS AND ADVANCES				
(Unsecured and Considered Good)				
Advance recoverable in cash or in kind for value to be received		597,859		564,028
Deposits		166,118		380,418
Advance Income Tax (Net of Provision)		1,207,660		908,113
			1,971,637	1,852,559
INVENTORY				
Closing Stock - Consumables			-	82,047
	TOTAL		12,377,070	9,918,267
SCHEDULE 6				
CURRENT LIABILITIES & PROVISIONS :				
CURRENT LIABILITIES :				
Sundry Creditors		2,635,494		1,348,466
Other Liabilities		363,272		75,771
Advance from Clients		308,658		-
			3,307,424	1,424,237
PROVISIONS :				
Provision for Service Tax		561,292		317,531
Provision for VAT Payable		73,329		82,177
Provision for Gratuity		244,399		203,895
Provision for Sales Tax		293,860		293,860
			1,172,880	897,463
	TOTAL		4,480,304	2,321,700
SCHEDULE 7				
OTHER INCOME :				
Interest on :				
Fixed Deposits			56,487	141,034
Income tax refund			-	-
Other Income			25	-
	TOTAL		56,512	141,034
SCHEDULE 8				
DIRECT EXPENSES :				
Salaries, Wages & Allowances			7,123,587	6,866,980
Employer's Contribution to Provident Fund			252,246	272,782
Staff Welfare Expenses			1,007,217	730,727
Repairs & Maintenance - Plant & Machinery			108,489	68,412
Repairs & Maintenance - Others			31,100	68,282
Subcontractors Charges			799,936	1,252,413
Freight & Forwarding			100,175	134,544
	TOTAL		9,422,750	9,394,140
SCHEDULE 9				
OTHER EXPENSES :				
Rent (refer note 3, schedule 11)			277,154	237,650
Insurance			83,487	16,972
Printing & Stationery			59,264	31,636
Travelling & Conveyance			2,916,180	2,176,705
Consultancy Fees			2,862,960	48,272
Rates & Taxes			911,623	277,526
Audit Fees			137,875	140,575
Establishment Expenses (refer note 3, schedule 11)			18,000	18,000
Miscellaneous Expenses (refer note 3, schedule 11)			1,284,819	1,121,228
	TOTAL		8,551,362	4,068,564

SCHEDULE 10

	AS AT 31/03/2010 Rupees	AS AT 31/03/2009 Rupees
INTEREST AND FINANCE COSTS :		
Bank Charges including Bank Guarantee Commission	**76,924**	66,768
Interest	**55,149**	85,352
T O T A L	**132,073**	152,120

SCHEDULE 11:

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

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 at 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:

	31.03.2010	31.03.2009
	Rupees	Rupees
Audit Fees	**137,875**	140,575

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-Rs. 1, 69,215/-
Defined Benefit:
Gratuity:

A. Assumptions:
   Retirement Age- 60Years
   Attrition Rate- 2%
   Future Salary Rise- 4.5%
   Rate of Discounting- 8 %
   Mortality Table- LIC (1994-96) Ultimate
B. Amount recognised as liability in the Balance Sheet- Rs. 2,44,399
C. Amount recognized as expense in the Income Statement- Rs. 2,44,399

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, 2010 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 period would be higher by Rs. 76,015/-. But following the principle of conservatism, the company has not accounted for the Deferred Tax Asset.

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

	Period Ended	
	31.03.2010	31.03.2009
Deferred Tax Asset/(Liability) recognized for timing differences due to:	**Rs.**	Rs.
a. Depreciation	**1,603**	8,856
b. Provision for Gratuity	**244,399**	69,304
Net deferred tax.	**246,002**	78,160

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 Off-shore and Marine Services Private Limited
   Afcons Infrastructure International Limited
   Afcons Construction Mideast LLC.

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	**Nil**	60,969
Repayment of Temporary Loan	**397,345**	5,640,789
Charges towards deployment of technical personnel	**Nil**	Nil
Outstanding Amount as on March 31, 2010	**Nil**	Nil

Previous year's figures have been regrouped wherever necessary.

Signature to Schedules 1 to 11

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

Place : Mumbai
Date: 17th June, 2010

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	31.03.2010
II.	**Capital Raised during the year**	Amount (in Rs.)
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III.	**Position of Mobilisation and Deployment of Funds**	Amount (in Rs.)
	Total Liabilities	10,761,310
	Total Assets	10,761,310
	Sources of Funds:	Amount (in Rs.)
	Paid-up Capital	800,000
	Reserves & Surplus	9,961,310
	Secured Loans	Nil
	Unsecured Loans	Nil
	Deferred Tax Liability	Nil
	Application of Funds:	Amount (in Rs.)
	Net Fixed Assets	2,864,544
	Investments	Nil
	Deferred Tax Asset	Nil
	Net Current Assets	7,896,766
	Miscellaneous Expenditure	Nil
	Accumulated Losses	Nil
IV.	**Performance of Company**	Amount (in Rs.)
	Turnover	21,059,733
	Other Income	56,512
	Total Expenditure	20,019,388
	Profit/(Loss) before tax	1,096,857
	Profit/(Loss) after tax	603,697
	Earning Per Share (Rs.)	8
	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

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

Place : Mumbai
Date: 17th June, 2010

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

Your Directors have pleasure in presenting the Twenty-Sixth Annual Report and the Audited Statement of accounts for the year ended 31st March 2010.

1. BUSINESS OPERATIONS

During the year under review, the income was Rs.1,58,938/- . After meeting the office expenses and other related expenses, the profit during the year was Rs.79,446/- .

2. DIRECTORS

i) Mr. P.R. Rajendran retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

ii) Mr.M.Jayram who was appointed on 24th June 2009 as Director in causal vacancy caused by the resignation of Mr.A.H.Divanji, 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.

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 that :

i) in the preparation of the annual accounts for the year ended 31st March 2010, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) 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 for the year ended 31st March 2010 and the profit and loss of the Company for the year ended on that date ;

iii) 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; and

iv) the Directors had prepared the annual accounts for the financial year ended 31st March, 2010 on a going concern basis.

4. 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.

5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, 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 Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo does not apply to the Company.

6. 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.

7. AUDITORS

Mr.J.C.Bhatt, Chartered Accountant, the retiring Auditor at the ensuing Annual General Meeting, has converted its sole proprietary concern into Partnership firm in the name of M/s.J.C.Bhatt & Associates, Chartered Accountants and is therefore not seeking reappointment 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 M/s.J.C.Bhatt & Associates, Chartered Accountants in place Mr.J.C.Bhatt, Chartered Accountant, as Auditor of the Company.

M/s.J.C.Bhatt & Associates, Chartered Accountants have confirmed that they are eligible for appointment in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Auditor shall hold office from the conclusion of the ensuing Annual General Meeting to the conclusion of the next Annual General Meeting on the terms and conditions to be mutually agreed upon between the Board of Directors of the Company and the Auditor.

The Board of Directors therefore proposes the appointment of M/s.J.C.Bhatt & Associates, Chartered Accountants as Auditor of the Company.

Regd. Office:
"Afcons House"
16, Shah Industrial Estate,
Veera Desai Road,
Azadnagar P.O.
Andheri (W)
Mumbai–400 053.

By order of the Board

A.N.Jangle
Director

Dated: 17th June, 2010

COMPLIANCE CERTIFICATE

ANANT B KHAMANKAR & CO.
COMPANY SECRETARIES
21, Sethi Mansion, 3rd Floor, Kumtha Street,
Ballard Estate, Mumbai 400 038.
Tel: 2263 5450 TeleFax: 91-22-2269 2961
Mobile : 98200 44752
E-mail: anant@khamankar.com

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 2010 [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 6 (Six) times respectively on 22nd day of April, 2009, 24th day of June, 2009, 29th day of June, 2009, 30th day of September, 2009, 16th day of December, 2009 and 23rd day of March, 2010 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, 2009 was held on 30 September, 2009 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. One Extraordinary General meeting was held on 29th day of April, 2009 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.
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 and resignations 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 31s' March, 2010.
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 altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The Company has 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 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.

Place : Mumbai
Date: 10th June, 2010

FOR ANANT B. KHAMANKAR & CO.

ANANT B. KHAMANKAR
FCS No.: 3198
CP No.: 1860

ANNEXURE 'A' TO THE COMPLIANCE CERTIFICATE OF
M/S. AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED FOR THE YEAR ENDED 31st MARCH, 2010
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, 2010.

1. Form No.20B for filing of Annual Return made upto 30.09.2009 filed on 19.11.2009 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 31.03.2009 filed on 30.10.2009 under Section 220 of theAct with the Registrar of Companies, Maharashtra, Mumbai.
3. Form N0.66 for filing of Compliance Certificate under Section 383A(1) of the Act for the financial year ended 31.03.2009 filed on 29.10.2009 with the Registrar of Companies, Maharashtra, Mumbai.
4. Form 32 for appointment of Mr. Jayram Matta as a director appointed in casual vacancy with effect from 24.06.2009 filed on 14.07.2009.
5. Form 32 for cessation of Mr. Abhimanyu Divanji with effect from 17.06.2009 filed on 14.07.2009.
6. Form 1B for the new name of the Company, Afcons Offshore and Marine Services Private Limited filed on 18.05.2009.
7. Form 23 for resolutions passed on 29.04.2009 with respect to change of name of the Company, Alteration of Object Clause of the Memorandum of Association, Commencement of new line of business and Alteration of Articles of Association filed on 18.05.2009.
8. Form 32 for cessation of Mr. Mark Fredrick Baudoin, Mr. William Charles, Mr. Stephen Glenn Elwood, Mr. Jeffrey Kenneth Davis and appointment of Mr. Sankar Sivaprakasam and Mr. Anilkumar Namdeo Jangle with effect from 25.03.2009 filed on 03.04.2009.

AUDITOR'S REPORT
To the Members of
Afcons Offshore and Marine Services Private Ltd.

1. I have audited the attached Balance Sheet of Afcons Offshore and Marine Services Private Limited as at March 31, 2010, 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 on March 31, 2010 and taken on record by the Board of Directors, I report that, none of the directors is disqualified as on March 31, 2010 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 31st, 2010;
   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.

Place : Mumbai
Date : 17th June, 2010

J.C.Bhatt
Chartered Accountant

AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED

Annexure referred to in paragraph 3 of the audit report of even date to the members of Afcons Offshore and Marine Services Private Ltd. on the accounts for the year ended March 31, 2010.

1. **Fixed Assets:**
   The Company does not have any fixed assets and therefore, this clause is not applicable for the year.
2. **Inventory:**
   The Company does not have any inventory and therefore, this clause is not applicable for the year.
3. **Loans and Advances:**
   The Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of clause (iii.a) to (iii.g) of paragraph 4 of the Order are not applicable.
4. **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.
5. **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.
6. **Internal Audit System:**
   The Company did not have an internal audit system during the year.
7. **Maintenance of Cost Records:**
   Based on the information and explanations provided, in my opinion, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956
8. **Statutory Dues:**
   a. In my opinion, based on the records verified and the information and explanations provided 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 with appropriate authorities as applicable to it during the year. There are no arrears of outstanding dues as at the last day of the year concerned for a period of more than six months from the date they became payable.
   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.
9. **Accumulated Losses:**
   The Company has no accumulated losses as at the end of the year. The Company has not incurred cash losses during the current year but, had incurred cash losses in the immediately preceding financial year.
10. 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 commenting on the default in repayment of dues does not arise.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. According to the information and explanations given, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
13. As per the records verified and the information and explanations provided, the Company has not taken any term loan during the year and hence the question of commenting on the default in application thereof does not arise.
14. In my opinion and according to the information and explanations given by the management, there are no funds raised on short-term basis and so commenting on its utilisation during the year for long-term investments does not arise.
15. 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.
16. During the year, there are no debentures issued and outstanding as on March 31, 2010
17. During the year, the Company has not raised any money by way of public issue(s).
18. 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.
19. As per information and explanations given to me & taking into consideration, the nature of the Company's business, clauses (iv), (xiii) and (xiv), of the paragraph 4 of 'the Order' are not applicable and therefore not commented upon.

Place: Mumbai
Date: 17th June, 2010

J.C.Bhatt
Chartered Accountant

AFCONS OFFSHORE AND MARINE SERVICES PRIVATE LIMITED

Balance sheet as at 31st March, 2010

		Schedule	Rupees	As at 31st March, 2009 Rupees
SOURCES OF FUNDS				
Shareholders' funds				
Share capital		1	**1,000,000**	1,000,000
Reserves and surplus				
Surplus in Profit and Loss account			**6,186,691**	6,107,245
	Total		**7,186,691**	7,107,245
APPLICATION OF FUNDS				
Current assets, loans and advances				
Cash and bank balances		2	**7,823,379**	7,901,871
Loans and advances		3	**432,710**	273,772
			8,256,089	8,175,643
Less: Current liabilities and provisions				
Current liabilities		4	**1,069,398**	1,068,398
			1,069,398	1,068,398
Net current assets			**7,186,691**	7,107,245
	Total		**7,186,691**	7,107,245
Significant accounting policies and notes on accounts		5		

As per my attached report of even date

For and on behalf of the Board of Directors

J C Bhatt
Chartered Accountant

A.N. Jangle
Director

P.R. Rajendran
Director

Place : Mumbai,
Dated : 17th June, 2010

Profit and Loss account for the year ended 31st March, 2010

		Schedule	Rupees	Previous year 31st March, 2009 Rupees
INCOME				
Interest on Fixed Deposit			**158,938**	-
	Total		**158,938**	-
EXPENDITURE				
Payments to auditors				
As auditors			**50,000**	50,000
For service-tax			**5,150**	5,150
			55,150	55,150
Legal and professional fees			**12,127**	36,434
Miscellaneous expenses			**12,215**	2,500
	Total		**79,492**	94,084
Profit / (Loss) for the period			**79,446**	(94,084)
Surplus brought forward from previous year			**6,107,245**	6,201,329
Surplus carried to Balance sheet			**6,186,691**	6,107,245
Earnings per share (Face Value Rs. 10)				
(Refer note B1 of schedule 5)				
Basic/ diluted - Rupees			0.79	(0.94)
Significant accounting policies and notes on accounts		5		

As per my attached report of even date

For and on behalf of the Board of Directors

J C Bhatt
Chartered Accountant

A.N. Jangle
Director

P.R. Rajendran
Director

Place : Mumbai,
Dated : 17th June, 2010

Cash Flow Statement for the year ended 31st March, 2010

	Current Year Rupees	Previous Year Rupees
Cash flow from operating activities		
Profit before tax	**79,446**	(94,084)
Operating Profit before working capital changes	**79,446**	(94,084)
Increase/(Decrease) in trade payables	**1,000**	(394,423)
Increase/(Decrease) in loans and advances	**(158,938)**	-
Net cash from operating activities	**(78,492)**	(488,507)
Net increase/ (decrease) in cash and cash equivalents	**(78,492)**	(488,507)
Cash and cash equivalent at the beginning of the year	**7,901,871**	8,390,378
Cash and cash equivalent at the end of the year	**7,823,379**	7,901,871

As per my attached report of even date

For and on behalf of the Board of Directors

J C Bhatt
Chartered Accountant

A.N. Jangle
Director

P.R. Rajendran
Director

Place : Mumbai,
Dated : 17th June, 2010

Schedules forming part of the accounts for the year ended 31st March, 2010

		Rupees	As at 31st March, 2009 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 100,000) equity shares are held by Afcons Infrastructure Limited, the holding company and its nominee.

		Rupees	As at 31st March, 2009 Rupees
Schedule 2			
CASH AND BANK BALANCE			
Cash in Hand		**6,445**	-
Balance with a scheduled bank - in current account		**316,934**	7,901,871
Balance with a scheduled bank - in Fixed deposit account		**7,500,000**	-
	Total	**7,823,379**	7,901,871
Schedule 3			
LOANS AND ADVANCES			
(unsecured and considered good)			
Advances recoverable in cash or in kind or for value to be received		**43,457**	43,457
Interest accrued but not due		**158,938**	-
Advance payment of tax (net of Provision for tax)		**230,315**	230,315
	Total	**432,710**	273,772
Schedule 4			
CURRENT LIABILITIES			
Sundry creditors			
- total outstanding dues to creditors other than micro and small enterprises		**1,014,248**	1,068,398
Other Liabilities		**55,150**	-
	Total	**1,069,398**	1,068,398

Schedule 5
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 end of the year, 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 are calculated by dividing the profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period as under:

	Current Year	Previous year
Profit/(Loss) attributable to the equity shareholders	**79,446**	(94,084)
Weighted average number of shares outstanding during the year (numbers)	**100,000**	100,000
Basic / diluted Earnings per share (in Rupees)	**0.79**	(0.94)
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)

Fellow Subsidiaries
Hazarat and Company Private Limited
SSS Electricals (India) Pvt. Ltd.
Afcons Infrastructure International Limited
Afcons Construction Mideast LLC.

Details of transactions with related party during the year

Name of the related party	**Particulars of transactions**	**Rupees**
Afcons Infrastructure Limited	Reimbursement of Expenses	**7,248** (57,579)

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 auditor.

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

Signatures to schedules 1 to 5

As per my attached report of even date | **For and on behalf of the Board of Directors**

J C Bhatt
Chartered Accountant

A.N. Jangle
Director

P.R. Rajendran
Director

Place : Mumbai,
Dated : 17th June, 2010

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

Registration no.	32807
State code	11
Balance sheet date	31-03-2010
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	7,187
Total assets	7,187
Sources of funds	(Amounts in Rupees '000s)
Paid-up capital	1,000
Reserves and surplus	6,187
Secured loans	Nil
Unsecured loans	Nil
Application of funds	(Amounts in Rupees '000s)
Net fixed assets	Nil
Investments	Nil
Net current assets	7,187
Miscellaneous expenditure	Nil
Accumulated losses	Nil
Performance of Company	(Amounts in Rupees '000s)
Turnover	158
Total expenditure	79
Profit before tax	79
Profit after tax	79
Earnings per share	Refer note B1 of schedule 5
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

Place : Mumbai,
Dated : 17th June, 2010

MANAGER'S REPORT

The Board has pleasure in submitting its report together with the audited financial statements for the year ended 31st December, 2009.

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 engaged in execution of the project awarded by the Road and Transport Authority, Dubai which includes construction of a 440 metre long 6 lane pre-stressed concrete viaduct, two other pre-stressed bridges and 4.5 km. of road works.
The Company's turnover for the year ending 31.12.2009 was at AED 317.86 Million which, after considering the IAS-11 impact of AED 32.20 Million, has been accounted at AED 285.68 Million.
In view of the above impact of IAS-11, the profit of AED 40 Million has been reduced to net profit of AED 7.76 Million for the year under review.
The company has witnessed the reduction in operational costs due to realization of cost cutting initiatives and availability of resources at cheaper rates.

Dividend

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

Outlook

With the effects of the global economic crisis still resonating, 2009 was undoubtedly a challenging year for almost every industry across the world.
On March 20th 2010, we have handed over the major facilities of the Project of the Roads and Transport Authority, Dubai one month ahead of scheduled completion date of the client. The client was immensely happy for the early completion with excellent quality of the work and appreciated AFCONS for being a new contractor in Dubai to substantially finish the scope of work one month before the contract completion date.
The effects of global slowdown had an impact in the economy of UAE also. However, the measures adopted by the U.A.E Government to confront the global financial crisis have contributed towards the national economy's ability to retain its strength. Government initiatives such as injecting liquidity into the banking and various other government owned organisations have all helped the UAE back onto the road for recovery, and as a result, the year 2010 carries with it a positive economical outlook.
We are seeing positive signs of recovery, however it is still too early in 2010 to confirm sustainability as the macroeconomic environment and global trade patterns remain unpredictable. We will continue to focus on increasing market share in Infrastructure and Oil & Gas Sectors to generate revenue whilst maintaining tight cost control measures. The initiatives by UAE Government in Infrastructure projects like Rail transportation and Oil & Gas sectors combined with the strategy we have adopted will increase the order book for the company.
We are confident about the long term outlook for the Infrastructure and Oil & Gas industry and believe the challenges and our initiatives implemented in 2009 will position AFCONS in a far stronger position as we move into the future. The emphasis on providing quality work with client satisfaction remains a key objective for AFCONS.

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.Subramanian
- Mr.A.N.Jangle
- Mr.N.Selvaraj.

Mr. C.P. Mistry has resigned from the Board with effect from 15th December 2009.
The Board takes this opportunity to place on record the appreciation for MR. C.P. Mistry's valuable contributions and services rendered during the tenure as Manager of the company.

Auditors

Messrs BDO Chartered Accountants and Advisors (formerly Messrs BDO Patel & Al Saleh, Dubai) were appointed as external auditors for the year ended 31st December 2009. Being eligible for reappointment for 2010 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

May 18, 2010

AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI

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("the Company") which comprise the statement of financial position at December 31, 2009, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 at December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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 affect the Company's financial position.

In our opinion, the Company maintains proper books of account and the accompanying financial statements are in agreement therewith. The Company has also conducted stocktaking in accordance with established principles and the financial information in the Managers' report confirms to the financial statements.

BDO CHARTERED ACCOUNTANTS AND ADVISORS
Dubai
Yunus Saifee
Reg. No. 418
May 18, 2010

Statement of financial position at December 31, 2009

	Note	AED	2008 AED
Non current assets			
Property, plant and equipment	5	**3,655,229**	2,424,709
Current assets			
Inventories	6	**9,958,318**	17,179,104
Trade and other receivables	7	**80,372,969**	31,324,475
Bank balances and cash	8	**9,548,732**	4,888,209
Total current assets		**99,880,019**	53,391,788
Current liabilities			
Trade and other payables	9	**71,748,236**	11,635,382
Due to related parties	10	**20,446,964**	2,651,822
Bank loans	11	**5,614,768**	16,977,824
Total Current liabilities		**97,809,968**	31,265,028
Net current assets		**2,070,051**	22,126,760
Non current liabilities			
Provision for employees' end of service gratuities		**(222,825)**	(25,118)
Net assets		**5,502,455**	24,526,351
Equity			
Share capital	12	**300,000**	300,000
Legal reserve	13	**150,000**	-
Shareholder's account	14	**(1,004,803)**	25,781,118
Retained earnings/(accumulated deficit)		**6,057,258**	(1,554,767)
Total equity		**5,502,455**	24,526,351

The financial statements have been approved and signed by the manager on May 18, 2010 by:

A. N. JANGLE
Manager

Statement of comprehensive income for the year ended December 31, 2009

	Note	AED	2008 AED
Contract revenue		**285,681,811**	26,455,460
Contract costs			
Raw materials and consumables		**52,850,090**	1,684,474
Sub contractors' costs		**163,595,637**	11,487,884
Salaries, wages and benefits		**24,407,065**	7,434,082
Rent		**10,087,199**	1,721,087
Travelling and conveyance		**3,057,430**	696,038
Legal and professional		**10,382,527**	2,482,507
Repairs and maintenance		**5,374,230**	15,460
Finance costs	15	**5,439,470**	1,652,407
Depreciation		**1,077,296**	105,671
Other expenses		**1,648,842**	717,160
		277,919,786	27,996,770
Total comprehensive income for the year		**7,762,025**	(1,541,310)

Statement of changes in equity for the year ended December 31, 2009

	Share capital AED	Legal reserve AED	Shareholder's account AED	Retained earnings (Accumulated Deficit) AED	Total equity AED
Balance at January 1, 2008	300,000	-	-	(13,457)	286,543
Total comprehensive income for the year	-	-	-	(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**
Total comprehensive income for the year	-	-	-	7,762,025	7,762,025
Transfer to legal reserve	-	150,000	-	(150,000)	-
Net movements in shareholder's account	-	-	(26,785,921)	-	(26,785,921)
Balance at December 31, 2009	**300,000**	**150,000**	**(1,004,803)**	**6,057,258**	**5,502,455**

AFCONS CONSTRUCTION MIDEAST (LLC), DUBAI

Statement of cash flows for the year ended December 31, 2009

	Note		2008
		AED	AED
Cash flows from operating activities			
Net profit/(loss) for the year		**7,762,025**	(1,541,310)
Adjustments for :			
Depreciation	5	**1,077,296**	105,671
Interest expense	15	**5,439,470**	1,652,407
Provision for employees' end of service gratuities		**197,707**	21,061
Operating profit before working capital changes		**14,476,498**	237,829
Decrease/(increase) in inventories	6	**7,220,786**	(17,179,104)
Increase in trade and other receivables	7	**(49,048,494)**	(31,324,475)
Increase in bank margin under lien	8	**(900,000)**	(1,050,000)
Increase in trade and other payables	9	**60,112,854**	11,630,382
Increase in due to related parties	10	**17,795,142**	2,651,822
Cash generated from/(used in) operations		**49,656,786**	(35,033,546)
Interest paid	15	**(5,439,470)**	(1,652,407)
Net cash from/(used in) operating activities		**44,217,316**	(36,685,953)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(2,354,602)**	(2,530,380)
Proceeds from disposal of property, plant and equipment	5	**46,786**	-
Net cash used in investing activities		**(2,307,816)**	(2,530,380)
Cash flows from financing activities			
Net movements in shareholder's account	14	**(26,785,921**)	25,781,118
Increase in bank loans	11	**5,614,768**	-
Net cash (used in)/from financing activities		**(21,171,153)**	25,781,118
Net increase/(decrease) in cash and cash equivalents		**20,738,347**	(13,435,215)
Cash and cash equivalents at beginning of the year		**(13,139,615)**	295,600
Cash and cash equivalents at end of the year	16	**7,598,732**	(13,139,615)

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 Company is Afcons Infrastructre Limited, a company registered in India.

The principal activities of the Company are 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, 2009 were authorised for issue by the Board of Managers on May 18, 2010.

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

2. Adoption of new and revised standard

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, 2009.

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

- IAS 1 (revised). 'Presentation of financial statements' – effective January 1, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the establishment presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on profit for the year.
- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on profit for the year.
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective for annual periods beginning on or after January 1, 2009). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the Establishment's operations because its ordinary activities does not comprise renting and subsequently selling assets.
- IAS 36 (Amendment), 'Impairment of assets' (effective for annual periods beginning on or after January 1, 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Establishment will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective for annual periods beginning on or after January 1, 2009).

The following Standards, Amendments and Interpretations are not yet effective and have not been adopted by the Company:

- IAS 1 (Amendment), 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2010).
- IAS 7 (Amendment), 'Statement of cash flows' (effective for annual periods beginning on or after January 1, 2010).
- IAS 17 (Amendment), 'Leases' (effective for annual periods beginning on or after January 1, 2010).
- IAS 39(Amendment), 'Financial instruments recognition and measurement' (effective for annual periods beginning on or after June 30, 2009).
- IAS 39(Amendment), 'Financial instruments recognition and measurement' (effective for annual periods beginning on or after July 1, 2009).
- IAS 39(Amendment), 'Financial instruments recognition and measurement' (effective for annual periods beginning on or after January 1, 2010).

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 date of statement of financial position 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 statement of comprehensive income.

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
All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value
Financial assets are classified into the following specified categories: Loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
Loans and receivables comprise of trade and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

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 date of statement of financial position.

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 overdrafts and bank loan. The trade and other payables and due to related parties are stated at cost and the bank loan and overdrafts 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.

Provisions
Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 the date of statement of financial position to the estimated total costs for each contract.

Leasing
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

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 statement of comprehensive income.

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

4. Critical accounting judgements and key sources of estimation uncertainty
In the application of the Establishment's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment
Property, plant and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value as it is deemed immaterial.

Provisions for material and subcontractors cost
Provisions for material and subcontractors costs is determined using a combination of factors such as quantity survey, monitoring daily activity reports at the site and bills of quantities received by subcontractors to ensure that the all costs are accounted for and fairly stated as at the date of statement of financial position.

5. Property, plant and equipment
Movement in Property, plant and equipment are given below**:**

	Porta Cabins	**Machinery and equipment**	**Air conditioner and equipment**	**Computers and office equipment**	**Furniture and fitures**	**Motor vehicles**	**Total**
Cost	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**	**AED**
At January 1, 2009	1,038,500	449,468	198,919	298,828	55,955	488,710	2,530,380
Addition	131,850	1,532,419	136,643	289,629	101,061	163,000	2,354,602
Disposals	-	-	-	-	-	(62,500)	(62,500)
At December 31, 2009	**1,170,350**	**1,981,887**	**335,562**	**588,457**	**157,016**	**589,210**	**4,822,482**
Depreciation **At January 1, 2009**	41,366	11,555	4,525	8,982	1,258	37,985	105,671
Charge for the year	372,049	379,798	57,419	125,031	28,495	114,504	1,077,296
On disposals	-	-	-	-	-	(15,714)	(15,714)
At December 31, 2009	**413,415**	**391,353**	**61,944**	**134,013**	**29,753**	**136,775**	**1,167,253**
Net Book Value **At December 31, 2009**	**756,935**	**1,590,534**	**273,618**	**454,444**	**127,263**	**452,435**	**3,655,229**
At December 31, 2008	997,134	437,913	194,394	289,846	54,697	450,725	2,424,709

6. Inventories

	AED	2008 AED
Steel	**9,260,696**	16,929,346
Consumables	**697,622**	249,758
	9,958,318	17,179,104

7. Trade and other receivables

	AED	2008 AED
Trade receivable	**39,878,891**	21,979,346
Contract retention	**32,837,862**	3,899,944
Prepayments and other receivables	**7,656,216**	5,445,185
	80,372,969	31,324,475

There is one customer who represent 100 percent of the total balance of trade receivable. 76 percent of the trade receivable is neither past due nor impaired. Included in trade receivable is carrying amount of AED 9,618,576 (2008 : AED Nil) which is past due at the reporting date for which the Company, based on its past default experience has not provided as it still considers this amount recoverable.

Ageing analysis of this trade receivable is as under.

	AED	2008 AED
90-180 days	**9,618,576**	-

8. Bank balances and cash

	AED	2008 AED
Cash on hand	**32,695**	27,958
Current accounts with banks	**7,566,037**	3,810,251
Margin money with banks under lien	**1,950,000**	1,050,000
	9,548,732	4,888,209

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

9. Trade and other payables

	AED	2008 AED
Trade payables	**60,809,310**	9,479,677
Retentions payable	**7,356,895**	141,870
Accruals and other payables	**3,582,031**	2,013,835
	71,748,236	11,635,382

10. Related party disclosures

Related parties include the ultimate parent company, the shareholders, key management personnel, associates, joint ventures and any businesses which are controlled directly or indirectly by the Company or over which they exercise significant management influence. 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	2008 AED
Parent Company:		
Interest paid	**1,808,133**	717,278
Equipment hiring charges	**19,606,312**	2,067,992

Related party balances are as under:

	AED	2008 AED
Payable to other related party	**840,652**	-
Payable to parent company	**19,606,312**	2,651,822

11. 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 faclities are at fixed and floating rates negotiated from time to time.

12. Share capital

	AED	2008 AED
Authorised, issued and paid up capital:		
300 shares of AED 1,000 each	**300,000**	300,000

13. Legal reserve

The legal reserve is created by the Company by allocating 10 percent of its net profit for the year in accordance with Article 255 of the UAE Commercial Company Law No. 8 of 1984. The legal reserve is not available for distribution except as provided in the law. During the year a transfer of AED 150,000 has been made to the legal reserve as it reached 50% of the share capital.

14. Shareholder's account

This represents funds introduced by shareholder for working capital needs of the company at an interest rate of 12% per annum.

15. Finance costs

	AED	2008 AED
Interest on shareholder's account	**1,808,133**	717,278
Bank guarantees commission	**2,192,009**	827,643
Interest on bank loans	**1,439,328**	107,486
	5,439,470	1,652,407

16. Cash and cash equivalents

	AED	2008 AED
Bank balances and cash	**9,548,732**	4,888,209
Margin money under lien	**(1,950,000)**	(1,050,000)
Trust receipts	**-**	(16,977,824)
	7,598,732	(13,139,615)

17. Financial instruments - risk management

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 shareholders.

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, reserves and retained earnings.

As a risk management policy, the Company reviews its cost of capital and risks associated with 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 (currency risk) and interest rates (interest rate risk).

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 10 percent increase or decrease in the AED against the relevant foreign currency.

	AED	2008 AED
Profit or loss	**1,860,151**	2,843,294

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 271,974 (2008: AED 82,620).

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.

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 cashflows.

18. Contingent liabilities

	AED	2008 AED
Letters of credit	**37,159,322**	11,585,393
Margin money	**1,950,000**	1,050,000
Performance guarantees	**108,851,193**	108,851,193

19. Comparative figures

Previous year's figures which were not material 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 13th February 2008 as a private company limited by shares.

Activities

The principal activities of the Company are that of investment holding.

Directors

The present membership of the Board is set out below.

Mr. Vijay Kumar Dwarka

Mr. Praveen Kumar Ramsaha

Mr. Selvaraj Narayanan

Mr. Srinivasan Paramasivan

Mr. James Richard Sample (Resigned on 31st March 2010)

Results

The results for the year are shown in the Statement of Comprehensive Income.

Director's 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 expressed their willingness to continue in office.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (D) OF THE COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED** during the financial year ended 31 December 2009.

For SG Financial Services Limited

Ajay O. Sewraz

Secretary

Registered office:
4th Floor, Amod Building
19, Poudrière Street
Port Louis
Mauritius

Date : 16th June, 2010

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 statements.

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 keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position 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 these 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 misstatement. 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 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 purposes 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 31st December 2009 and of its profit, changes in equity and cash flows for the year 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.

Horwath (Mauritius)
Public Accountants

K .S. Sewraz, FCCA
Signing Partner

Date : 16th June, 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2009

	Note	2009 USD	2008 USD
Income			
Dividend income		**3,941,273**	-
Gain on exchange difference		**9,889**	-
Interest income		**12,827**	113
		3,963,989	113
Administrative expenses			
Licence fee		**2,162**	1,813
Management fees		**3,007**	-
Professional fees		**1,475**	-
Annual administration fee		**-**	1,313
Incorporation fee		**-**	1,500
Registrar of companies fee		**225**	250
Directors' fee		**-**	700
Accounting fee		**700**	1,500
Tax services fee		**-**	500
Audit fee		**4,025**	4,025
Disbursements		**531**	1,444
Bank charges		**392**	222
		(12,517)	(13,267)
Profit / (loss) from operations		**3,951,472**	(13,154)
Finance cost			
Interest on loan		**(140)**	(3,682)
Profit / (loss) before taxation		**3,951,332**	(16,836)
Taxation	**9**	**-**	-
Profit / (loss) for the year / period		**3,951,332**	(16,836)
Other comprehensive income		**-**	-
Total comprehensive income for the year / period		**3,951,332**	(16,836)

STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2009

	Notes	2009 USD	2008 USD
ASSETS			
Non-current asset			
Investment in subsidiaries	**5**	**273,357**	273,357
Current assets			
Prepayments		**14,427**	3,450
Cash and cash equivalents		**3,679,075**	34,372
		3,693,502	37,822
TOTAL ASSETS		**3,966,859**	311,179
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	**6**	**27,838**	27,838
Retained earnings		**3,934,469**	(16,836)
		3,962,334	11,002
Non-current liability			
Loan from related holding company	**7**	**-**	290,470
Current liability			
Payable and accruals	**8**	**4,525**	9,707
Total liabilities		**4,525**	300,177
TOTAL EQUITY AND LIABILITIES		**3,966,859**	311,179

Approved by the board of directors on 16th June, 2010 and signed on its behalf by:

Praveen Kumar Ramsaha
Director

Vijay Kumar Dwarka
Director

AFCONS INFRASTRUCTURE INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st DECEMBER 2009

	Stated capital	Retained earnings	Total Equity
	USD	USD	USD
Issue of shares	27,838	-	27,838
Total comprehensive income for the period	-	(16,836)	(16,836)
At 31 December 2008	27,838	(16,836)	11,002
Total Comprehensive income for the year	-	3,951,332	3,951,332
At 31 December 2009	**27,838**	**3,934,496**	**3,962,334**

STATEMENT OF CASH FLOWS STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2009

	2009 USD	2008 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	**3,951,332**	(16,836)
Adjustments for :		
Dividend income	**(3,941,273)**	-
Interest income	**(12,827)**	-
Interest paid	**140**	3,682
Gain on exchange difference	**(9,889)**	-
Operating loss before working capital changes	**(12,517)**	(13,154)
Increase in receivables	**(10 ,977)**	(3,450)
(Decrease) / increase in payables	**(5,182)**	9,707
Cash absorbed by operations	**(28,676)**	(6,897)
Interest paid	**(140)**	(3,682)
Net cash used in operating activities	**(28,816)**	(10,579)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from acquisition of investments	**-**	(273,357)
Dividend received	**3,941,273**	-
Interest received	**12,827**	-
Net cash from / (used in) investing activities	**3,954,100**	(273,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share	**-**	27,838
Loan (Paid to) / Received from holding company	**(290,470)**	290,470
Net cash (used in) / from financing activities	**(290,470)**	318,308
Net increase in cash and cash equivalents	**3,634,814**	34,372
Cash and cash equivalents at start of year	**34,372**	-
Effects of exchange rate changes	**9,889**	-
Cash and cash equivalents at end of year / period	**3,679,075**	34,372

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2009

1. General information

The Company was incorporated in Mauritius on 13th 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.

The Company is engaged in investment holding.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), and International Accounting Standards, IFRIC interpretations and SIC interpretations approved by the International Accounting Standards Committee (IASC) that remain in effect. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial instruments and financial assets and financial liabilities at fair value through profit or loss.

(b) Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Company.

The Company has adopted the following new and amended IFRSs as of 1 January 2009:

IFRS 7 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009.

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company previously recognised all borrowing costs as an expense immediately. This change in accounting policy was due to the adoption of IAS 23, 'Borrowing costs' (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share. The amendment does not have a material impact on the financial statements.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them:

IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the companying of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the financial statements.

IFRS 5 (amendment), 'Measurement of non-current assets (or disposal Company's) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal Company's) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the financial statements.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counter party to settle in shares at any time. The Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the financial statements.

(c) Financial instruments

Financial instruments carried on the statement of financial position 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 of comprehensive income.

(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 holding company is stated at cost and is interest bearing.

(d) Revenue recognition

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

Dividend income is recognised when the right to receive payment is established.

(e) Expense recognition

All expenses are recognised for in the statement of comprehensive income on the accruals basis.

(f) Income tax

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

(g) 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.

(h) 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.

(i) Impairment of assets

At each reporting date the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered any impairment loss. When an indication of impairment loss exists, the carrying amounts of the assets are assessed and written down to their recoverable amounts.

(j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the payment is deducted from the corresponding provision.

(k) Equity

Stated capital is determined using the nominal value of shares that have been issued.

(l) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the economic environment in which the Company operates (functional currency). The financial statements of the Company are presented in USD, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(m) Consolidated financial statements

The Company owns 100 % of the equity shares capital of Afcons Gulf International Projects Services FZE and 99 % in Afcons Madagascar Overseas SARL. International Accounting Standard "IAS 27 - Consolidated Financial Statements and Accounting for Investments in Subsidiaries", require the Company to prepare consolidated financial statements which include the financial statements of the subsidiaries.

The directors are of opinion that presentation of the 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 financial statements as per Indian GAAP and which is available for public use.

3. Critical accounting estimates and judgements

The following are significant management judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements.

(i) *Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

(ii) *Investment in 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 which contain information about Afcons Infrastructure International Limited as an individual company and do not contain consolidated financial information as the parent of a group

4. Estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. There has not been any significant judgement made by management in the preparation of the financial statements during the year that may lead to a material impact on the results.

The actual result may differ from the judgements, estimates and assumptions made by management and will seldom equal the estimated results.

5. Investments in Subsidiaries

Details of investments are as follows:

Investee Companies	Country of incorporation	% holding	No of shares	Cost USD
				2009
AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE	Fujairah	100	1000	272,287
AFCONS MADAGASCAR OVERSEAS SARL	Madagascar	99	99	1,070
Total				**273,357**

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

6. Stated capital

	2009 USD	2008 USD
Shares issued and fully paid		
20,000 Ordinary shares of EURO 1 each at par	**27,838**	27,838

7. Loan from holding company

	2009 USD	2008 USD
Afcons Infrastructure Limited		
At 1 January	**290,470**	290,470
Payment during the year	**(290,470)**	-
At 31 December	**-**	290,470

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

8. Payables

	2009 USD	2008 USD
Accrued interest on loan	**-**	3,682
Accruals	**4,525**	6,025
	4,525	9,707

9. 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 31 December 2009, the Company had accumulated tax losses of USD 11,665 (2008 : USD 15,449)

The tax reconciliation is as follows:

	2009	2008
	USD	USD
Profit / (loss) for the year / period	**3,951,332**	(16,836)
Tax loss brought forward	**(15,449)**	-
Exempt income	**(12,237)**	(113)
Disallowed expenses	**-**	1,500
Adjustment for disallowed expenses	**(1,500)**	-
Adjustment for exempt income	**113**	-
	3,922,169	(16,836)
Income tax at 15%	**588,325**	-
Effect of:		
Exempt Income	**(197,063)**	-
Underlying tax	**(402,927)**	-
Tax loss carried forward	**(11,665)**	(15,449)

10. 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	**Financial liabilities**	**Financial assets**	**Financial liabilities**
	2009	**2009**	**2008**	**2008**
	USD	**USD**	**USD**	**USD**
United States Dollar(USD)	3,655,726	4,525	7,592	300,177
Euro (Eur)	35,676	-	26,780	-
Dirham (AED)	272,287	-	272,287	-
Malagasy Franc (MGF)	1,070	-	1,070	-
	3,964,759	**4,525**	**307,729**	**300,177**

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 statement of financial position.

According to the Company's investment policy transactions are carefully allocated to counter parties 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 counter party 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:

	2009	2008
	USD	USD
Cash and cash equivalents	**3,679,075**	34,372

Concentration of risk

At 31 December 2009, 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 2009. 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 year					**Equity**			
	MGF	**AED**	**EURO**	**Total**		**MGF**	**AED**	**EURO**	**Total**
31 December 2009	-	13,600	1,785	15,385		-	13,600	1,785	15,385
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 year				Equity			
	MGF	AED	EURO	Total	MGF	AED	EURO	Total
31 December 2009	-	(13.600)	(1,785)	(15,385)	-	(13.600)	(1,785)	(15,385)
31 December 2008	-	(13,600)	(1,409)	(15,009)	-	(13,600)	(1,409)	(15,009)

Exposures to foreign exchange rates vary during the period year 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:

	2009		2008	
	Loss of net of tax	Equity	Loss of net of tax	Equity
	EUR	EUR	EUR	EUR
+50 basis point	-	-	(460)	(460)
- 50 basis point	-	-	460	460

The loan and interest form holding company have been repaid during the year.

11. 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.

12. Related party transactions

During the year ended 31 December 2009, the Company traded with related entities. The nature, volume of transaction and the balances with the entities are as follows;

	Relationship	Nature of transactions	2009	2008
			USD	USD
Afcons Infrastructure Limited	Holding company	Loan payable	-	290,470

13. Holding company

The directors regard 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.

14. Events after reporting date

No events were noted after the reporting date that would require disclosures or adjustments to the financial statements for the year ended 31 December, 2009.

AFCONS MADAGASCAR OVERSEAS S.A.R.L

DIRECTORS' REPORT

The Board has pleasure in submitting its report together with the audited financial statements for the year ended 31st December, 2009.

Incorporation

The Company was incorporated in Madagascar on 4th March, 2008.The entire shares are held by Afcons Infrastructure International Limited, Mauritius (a wholly own subsidiary of Afcons Infrastructure Ltd.)

Activities

The principal activities of the Company are that of Construction.

Results

The Turnover of the Company for the year ended 31st December, 2009 are given below :

	MGA (Ariary)
Turnover	21,022,472,122
Profit before Tax	8,964,165,209
Tax	915,835,140
Profit after Tax	8,048,330,069

Dividend

The Company has paid to the shareholders MGA (Ariary) 5,836,222,834 as Dividend for the year ended 31st December, 2009.

Directors

The present Board of Directors is as follows:
Mr. N. Selvaraj
Mr. Jim Sample (resigned on 31st March, 2010)
Mr. P.R. Rajendran
Mr. Devendra Curpen (Madagasy resident)

Auditors

The auditors, Cabinet Razananirina, Immeuble FIARO , EscalierD, 1 Er Etage – BP 4122, Madagascar, have expressed their willingness to continue in office.
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 Madagascar Overseas S.A.R.L.

Devendra Curpen
Director

February 6, 2010

AUDITOR'S REPORT ON THE REVIEW
OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED ON DECEMBER 31, 2009

TO THE SHAREHOLDERS OF AFCONS MADAGASCAR OVERSEAS S.A.R.L.

Dear Sirs,

By carrying out the auditor's review which you had entrusted us, we are pleased to present our auditor's report as at December 31st 2009 of Afcons Madagascar Overseas S.A.R.L.; including the balance sheet (table A), the profit and loss (table B), the cash flow statement (table C), and the statement of change and equity (table D) on that period.

Our opinion is based on the financial statements proposed by the directors presenting net profit of mga 8 048 330 069,71 for the end of the year 2009 (2008 – 2 042 769 558,88). Those 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 International Standards on Auditing (IFAC). The financial statements have been prepared in accordance with Malagasy accounting standards PCG 2005.

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 judgments 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.

In our opinion, the financial statements, in the tables A B C D and notes, present fairly, in all material respects, the financial position of Afcons Madagascar overseas sarl as at December 31st 2009 and the result of its operations and its cash flow for the year then ended in accordance with Malagasy generally accepted accounting principles.

The chartered accountant

Bruno Razananirina
Expert Comptable et Financier

Antananarivo, Madagascar
February 6, 2010

AFCONS MADAGASCAR OVERSEAS S.A.R.L

Balance sheet as at December 31st, 2009

Table A

Currency unit Ariary

ASSETS	Note	31-Dec-09			31-Dec-08	SHAREHOLDERS'EQUITY AND LIABILITIES	Note	31-Dec-09	31-Dec-08
		Gross amount	Depreciation/ provision	Net	Net			SUM	SUM
NON CURRENT ASSETS						**SHARE HOLDERS' EQUITY**	6		
Intangible assets		4,156,900.00	2,093,636.54	2,063,263.46	3,448,758.23				
Software		4,156,900.00	2,093,636.54	2,063,263.46	3,448,758.23	Issued capital	6.1	2,000,000.00	2,000,000.00
Property, plant and equipment	3	175,835,776.71	28,091,805.27	147,743,971.44	129,022,037.59	Reserves		200,000.00	-
Industrial equipment		53,333,505.41	4,324,983.78	49,008,521.63	15,871,454.67	Difference in equivalence		-	-
Other Immobilizations		122,502,271.30	23,766,821.49	98,735,449.81	113,150,582.92	Net profit		8,048,330,069.71	2,042,769,558.88
Financial Assets		-	-	-	-	Result to be allocated			
Differed Tax		-	-	-	-	Other equity - profit to be forwarded		142,569,558.88	-
						TOTAL OF EQUITY		8,193,099,628.59	2,044,769,558.88
						NON-CURRENT LIABILITIES			
						Investment grants		-	-
						Differed taxes		-	-
						Financial debts		-	-
						Down Payments to suppliers		-	-
TOTAL NON CURRENT ASSETS		179,992,676.71	30,185,441.81	149,807,234.90	132,470,795.82	**TOTAL NON-CURRENT LIABILITIES**		-	-
CURRENT ASSETS									
INVENTORIES									
Raw materials		-	-	-	-				
Packing		-	-	-	-				
Semi finished goods		-	-	-	-				
Final goods		-	-	-	-				
TRADE AND OTHER RECEVABLES	4	8,443,508,450.36	-	8,443,508,450.36	5,680,579,629.75				
Trade Receivables		2,014,611,531.60	-	2,014,611,531.60	5,558,036,253.60				
Other receivables and assimilated assets		69,998,811.60	-	69,998,811.60	19,937,137.98	**CURRENT LIABILITIES**			
Social Securities and Tax		469,495,141.19	-	469,495,141.19	56,546,238.17	Trade and other payables		1,946,591,650.53	2,673,255,978.92
Other receivable		5,889,402,965.97	-	5,889,402,965.97	46,060,000.00	Trade Creditors		213,026,844.12	217,969,905.33
CASH AND CASH EQUIVALENTS	5	3,908,175,208.81	-	3,908,175,208.81	48,217,243.86	Social Securities and Tax		2,085,751,936.83	925,272,226.29
BMOI TOAMASINA		3,905,655,219.81	-	3,905,655,219.81	48,103,473.86	Sundry Payables		63,020,834.00	-
Petty cash		2,519,989.00	-	2,519,989.00	113,770.00	Bank Overdraft		-	-
TOTAL CURRENT ASSETS		12,351,683,659.17	-	12,351,683,659.17	5,728,796,873.61	**TOTAL CURRENT LIABILITIES**		4,308,391,265.48	3,816,498,110.54
TOTAL ASSETS		12,531,676,335.88	30,185,441.81	12,501,490,894.07	5,861,267,669.43	**TOTAL OF EQUITY AND LIABILITIES**		12,501,490,894.07	5,861,267,669.42

PROFIT AND LOSS ACCOUNT (by nature)

Table B — Currency unit: Ariary

Period of: December 31st, 2009	Note	31-Dec-09 MGA	31-Dec-08 MGA
Turnover	8	**21,022,472,122.85**	9,487,459,848.16
I. PRODUCTION OF THE PERIOD		**21,022,472,122.85**	9,487,459,848.16
. Purchases	9	**3,258,577,069.58**	2,315,403,839.83
. External Charges	10	**4,616,829,449.41**	2,649,909,177.46
II. COST OF SALES		**7,875,406,518.99**	4,965,313,017.29
III. GROSS OPERATING PROFIT (I - II)		**13,147,065,603.86**	4,522,146,830.87
Salary and wages	11	**4,277,946,336.11**	2,143,762,936.34
Taxes & contributions	12	**29,707,447.87**	130,000.00
IV. GROSS PROFIT		**8,839,411,819.88**	2,378,253,894.53
. Other operating incomes		**7,107,283.64**	1,174,303.01
. Other operating charges	13	**156,613,904.01**	226,166,423.30
. Amortization, Provision and losses in value		**85,077,677.32**	9,197,538.50
. Recovery		**-**	-
V. OPERATING PROFITS		**8,604,827,522.19**	2,144,064,235.74
. Financial incomes	14	**892,864,128.37**	283,023,330.71
. Financial costs	15	**533,526,440.85**	156,980,207.57
VI. FINANCIAL RESULT		**359,337,687.52**	126,043,123.14
VII. PROFIT BEFORE INCOME TAXES (V + VI)		**8,964,165,209.71**	2,270,107,358.88
. Current Tax	16	**915,835,140.00**	227,337,800.00
. Differed Tax		**-**	-
TOTAL INCOME FROM CONTINUING OPERATIONS		**21,922,443,534.86**	9,771,657,481.88
TOTAL EXPENSES FROM CONTINUING OPERATIONS		**13,874,113,465.15**	7,728,887,923.00
VIII. NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**8,048,330,069.71**	2,042,769,558.88
. Discountinued operations income (products)		**-**	-
. Discountinued operations Costs (expenses)		**-**	-
IX. DISCOUNTINUED OPERATION RESULT		**-**	-
X. NET PROFIT FOR THE FINANCIAL YEAR		**8,048,330,069.71**	2,042,769,558.88

CASHFLOW STATEMENT ON December 31st, 2009 (INDIRECT METHOD)

Table C — Currency unit: Ariary

	Note	31-Dec-09	31-Dec-08
Cash flows from operating activities			
Net profit for the year		**8,048,330,069.71**	2,042,769,558.88
Adjustments for:			
- Depreciation		**85,077,677.32**	9,197,538.50
- Trade and Other Receivables Variations		**3,073,294,013.70**	(5,699,655,698.35)
- Trade and other Payables Variations		**(731,607,389.60)**	2,891,225,884.25
- debts towards the State and social organisms Variations		**1,160,479,710.54**	925,272,226.29
- Assets disposal profit/loss		**2,090,976.67**	-
Net cash generated from operating activities (A)		**11,637,665,058.34**	168,809,509.56
Cash flows from investing activities			
Purchases of property, plant and equipment	3	**(42,091,342.41)**	(122,592,265.70)
Fixed assets adjustment		**607,083.33**	-
Net cash used in investing activities (B)		**(41,484,259.08)**	(122,592,265.70)
Cash flows from financing activities			
Dividends paid to the shareholders (2008 INCOME)		**(1,900,000,000.00)**	-
Dividends paid to the shareholders (2009 INCOME)		**(5,836,222,834.31)**	-
Proceeds from issuance of ordinary shares		**-**	2,000,000.00
Net cash used in financing activities (C)		**(7,736,222,834.31)**	2,000,000.00
Net (decrease)/increase in cash, cash equivalents and bank overdrafts (A+B+C)		**3,859,957,964.95**	48,217,243.86
Cash, cash equivalents and bank overdrafts at beginning of year		**(48,217,243.86)**	-
Cash, cash equivalents and bank overdrafts at end of year		**3,908,175,208.81**	48,217,243.86
Exchange gains/(losses) on cash and bank overdrafts		**-**	-
Variation of treasury		**3,859,957,964.95**	48,217,243.86

AFCONS MADAGASCAR OVERSEAS S.A.R.L

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2009

Table D **Currency unit: Ariary**

	Note	Share capital	Reserves	Evalution Differences	Retained earning	Total
Constitution March 01st, 2008		**2,000,000.00**				**2,000,000.00**
Change of Accounting Method						
Correction of errors						
Other incomes & expenses						
Allocation of result 2007						
Operations in capital						
Net profit for the year 2008					2,042,769,558.88	2,042,769,558.88
Balance on December 31st, 2008		**2,000,000.00**			**2,042,769,558.88**	**2,044,769,558.88**
Change of accounting method						
Correction of errors						
Other incomes & expenses						
Allocation of 2008 result			200,000.00		(1,900,200,000.00)	(1,900,000,000.00)
Operations in capital						
Net profit for the year 2009					8,048,330,069.71	8,048,330,069.71
Balance on December 31st, 2009		**2,000,000.00**	**200,000.00**		**8,190,899,628.59**	**8,193,099,628.59**

CIT CALCULATION ON DECEMBER 31, 2009
COMPANY IDENTIFICATION - DETAILS AS UNDER

Tax Identification Number	:	107 013 023
Statistics Number	:	45221 11 2008 0 10216
Comapny Name	:	AFCONS MADAGASCAR OVERSEAS S.A.R.L.
Trade Name	:	AFCONS MADAGASCAR OVERSEAS S.A.R.L.
Address	:	Building FAIRO, Staircase D, Ampefiloha, 101 - ANTANANARIVO

Annual turnover:		21,022,472,122.85
A - Income revenue		8,964,165,209.71
REINTEGRATIONS	194,186,216.07	
penalty	1,000,000.00	
other taxes	-	
Temporary salaries	21,775,254.00	
External expenses		
Satellite TV subscription	9,412,395.20	
Sponsoring	1,617,500.00	
witholding taxes	29,707,447.87	
gifts	67,652,785.00	
IGR employe tax	-	
Trial provision	63,020,834.00	
B - Fiscal Income before previous loss imputation		9,158,351,425.78
C - Previous loss imputation		-
C1 - DIFFERED DEPRECIATION		-
D - Previous loss imputate		-
D1 - Differed depreciation imputated		-
E - Fiscal income after previous loss imputation		9,158,351,425.78
F - Differed loss balance		-
F1 - Differed depreciation balance		-
G - CIT(E * 10 % and exempted from the minimum of perception)		915,835,140.00
TAX REDUCTION		
H - Differed Tax imputable		-
I - Differed Tax Allowed for The Year		-
J - Total differed tax (H+I)		-
K - Imputation after max adjustment		-
L - Differed tax balance		-
M - IRCM		-
N - Owed CIT (G-K-M)		915,835,140.00
IMPUTATIONS		
O - PREPAID TAX		151,629,189.34
P - PREPAID TAX AT CUSTOMS		-
Q - Total of imputations		151,629,189.34
R - CIT (N-Q)		764,205,950.66
MINIMUM OF TAXATION		
S - INCOME		21,022,472,122.85
T - CIT MINIMUM (Exempted)		105,432,360.61
U - CIT TO BE PAID		764,205,950.66

NOTES TO ACCOUNTS

1) PRESENTATION OF THE COMPANY

AFCONS MADAGASCAR OVERSEAS LTD is a limited liability company governed by malagasy law on company firms. The company head office is located at the Building FIARO, Staircase D, Ampefiloha, ANTANANARIVO 101. The authorised capital is mga 2,000,000.00 at December - 31st, 2009.

The society was registered in the trade register and societies on March 04th, 2008.

The purpose of the company is to perform any activities linked to the sector of the building and of public works in every countries and particularly in Republic of Madagascar, and which concerns operations listed in a limitative way below:

- Any works of facilities and of building including civil engineering, steel building, town and country planning, road, bridges, and other public facilities, onshore and offshore platform, building of harbour facilities, pipeline;
- Acquisition of shares in any created malagasy societies or to be created;
- And generally any business transactions, financial or industrial, building and property linked directly or indirectly to the purpose above or to all other matters similar or related and likely to make easier extension and development.

2) GENERAL ACCOUNTING PRINCIPLES

The Published accounts were established in accordance with Malagasy generally accepted accounting methods and principles (PCG 2005) and their presentation respect the international accounting standards (norms IAS / IFRS).

2.1. Recognition and measurement:

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

2.2. Fixes assets:

Fixed assets are promoted in their cost of acquiring which is equal at the price of purchase increased by the purchase of incidental charges. Depreciation is provides on the straight line basis as follows:

Intangible asset: software	33.33%
Equipment	10%
Office furniture and fittings	10%
Furniture and fittings for houses	10%
Computer equipment	10 % - 25 %
Motor vehicles	10%
Improvement to building	10%

The Rates of amortization respect the maximum allowed by the taxation authorities codes according to the decree n°3506 / 84 of August 21st, 1984.

Amortizations are calculated on a straight line basis respecting of the prorata temporis if necessary.

2.3. Foreign exchange recognition:

Foreign operation and transaction in foreign currencies are recorded for their exchange values in the transaction date.

Gains or losses arising from foreign currencies of the'financial assets at fair value through profit or loss' category are presented in the income statement within 'other(losses)/gains – net' in the period in which they arise.

Receivables, debts and available funds recorded in foreign currencies at the end of financial year are converted on the basis of the ending rate of financial year and difference is included in the profit and loss account of financial year. The exchange rates used are those of the Central Bank of Madagascar :

- EURO: 2 795,52
- USD: 1 954,64

3) ASSETS

This heading is composed of Tangible assets and intangible assets (The Sage software).

The following table presents the assets variations as December 31st, 2009.

TANGIBLE ASSETS	Software	Equipments	Office furniture and fittings	Furniture and fittings for houses	Computer equipment	Motor Vehicles	Improvement to building	TOTAL
GROSS VALUE								
As at December 31st, 2008	4,156,900.00	16,626,323.00	45,179,957.00	33,023,096.63	29,960,756.00	10,800,000.00	1,921,301.67	141,668,334.30
Additions	-	36,707,182.41	2,558,160.00	-	2,826,000.00	-	-	42,091,342.41
Revaluation	-	-	-	-	-	-	(620,000.00)	(620,000.00)
Disposal	-	-	(531,000.00)	-	(2,616,000.00)	-	-	(3,147,000.00)
As at December 31st, 2009	**4,156,900.00**	**53,333,505.41**	**47,207,117.00**	**33,023,096.63**	**30,170,756.00**	**10,800,000.00**	**1,301,301.67**	**179,992,676.71**
Amortisation								
As at December 31st, 2008	708,141.77	754,868.33	1,679,566.64	1,458,797.46	4,334,503.34	231,000.00	30,660.94	9,197,538.48
Additions	1,385,494.77	3,570,115.45	4,644,633.44	3,302,309.66	7,944,159.83	1,080,000.00	130,130.17	22,056,843.32
Revaluation	-	-	-	-	-	-	(12,916.67)	(12,916.67)
Disposal	-	-	(71,389.99)	-	(984,633.33)	-	-	(1,056,023.32)
As at December 31st, 2009	**2,093,636.54**	**4,324,983.78**	**6,252,810.09**	**4,761,107.12**	**11,294,029.84**	**1,311,000.00**	**147,874.44**	**30,185,441.81**
NET VALUE								
As at December 31st, 2009	**2,063,263.46**	**49,008,521.63**	**40,954,306.91**	**28,261,989.51**	**18,876,726.16**	**9,489,000.00**	**1,153,427.23**	**149,807,234.90**
As at December 31st, 2008	3,448,758.23	15,871,454.65	43,500,390.36	31,564,299.17	25,626,252.66	10,569,000.00	1,890,640.73	132,470,795.80

4) TRADE AND OTHER RECEIVABLE

This heading is detailed as follows on December 31st, 2009:

Currency unit: Ariary

Heading		31-Dec-09	31-Dec-08
Trade receivables		**2,014,611,531.60**	5,558,036,253.60
Clients	4.1	**936,270,442.60**	5,558,036,253.60
Clients - Not certified.		**1,078,341,089.00**	-
Other receivable and assimilated assets		**69,998,811.60**	19,937,137.98
Suppliers - Advances and down payments	4.2	**59,710,549.60**	2,298,401.98
Personnel - Advances and down payments		**10,288,262.00**	17,638,736.00
Social securities and tax		**469,495,141.19**	56,546,238.17
Witholding tax to be paid		**-**	-
Current Income Tax prepayment		**151,629,189.34**	213,333.00
VAT to be paid		**-**	56,332,905.17
VAT deductible		**317,865,951.85**	-
VAT collected		**-**	-
Payroll tax (IRSA)		**-**	-
Payroll tax on leave(provision)		**-**	-
Other receivable		**5,889,402,965.97**	46,060,000.00
Associated - dividends paid	4.3	**5,836,222,834.31**	-
Other sundry accrual	4.4	**53,180,131.66**	46,060,000.00
TOTAL		**8,443,508,450.36**	5,680,579,629.75

4.1. Client:

This heading is constituted by SNC LAVALIN Inc.

4.2. Suppliers advances:

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
COURTS	**-**	1,369,688.00
INTERNATIONAL PAINT	**33,850,280.80**	-
Mr. NORBERT	**24,500,000.00**	-
COROSION	**1,360,268.80**	-
SME	**-**	928,713.98
TOTAL	**59,710,549.60**	2,298,401.98

4.3. Associated - dividends paid:

This heading represent all dividends paid to the shareholders in 2009, as follows:

Shareholders	1st Prepayment on Sept, 5th 2009	2nd Prepayment on Nov, 21st 2009	Total
Afcons Infrastructure International Ltd.	2,807,860,605,97	2,970,000,000,00	**5,777,860,605,97**
Rajendran R. Palambalakode	28,362,228,34	30,000,000,00	**58,362,228,34**
Total	2,836,222,834,31	3,000,000,000,00	**5,836,222,834,31**

4.4. Other sundry accrual:

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
Deposit and prepayment:		
RALAY	**16,000,000.00**	16,000,000.00
AIR LIQUIDE	**10,950,000.00**	7,200,000.00
ASSAGARALY	**6,250,000.00**	6,250,000.00
TOTO TRANQUILIN	**6,000,000.00**	6,000,000.00
RAZAKARISOA SERAPHIE ELIZABETH	**5,500,000.00**	-
BERIZIKY JEAN OMER	**3,600,000.00**	-
BERNARD KWONG	**1,350,000.00**	1,850,000.00
BLEU LINE	**1,200,000.00**	1,200,000.00
TOTAL	**440,000.00**	560,000.00
SME	**210,000.00**	70,000.00
VITOGAZ	**30,000.00**	30,000.00
MAZAVA ANGELINE	**-**	1,400,000.00
MORA MIHANTA	**-**	5,500,000.00
TOTAL	**51,530,000.00**	46,060,000.00
Prepayed Expenses:		
Location Emmer	**1,500,000.00**	
Insurance ARO	**1,50,131.66**	
Total	**1,650,131.66**	

5) CASH AND CASH EQUIVALENCE

This heading is detailed as follows on December 31st, 2009:

Currency unit: Ariary

	31-Dec-09	31-Dec-08
BMOI TOAMASINA- MGA	**375,264,632.11**	48,103,473.86
BMOI TOAMASINA - EUROS	**3,467,369,753.70**	-
BMOI TOAMASINA- restricted	**63,020,834.00**	-
Petty cash	**2,519,989.00**	113,770.00
TOTAL	**3,908,175,208.81**	48,217,243.86

6) SHAREHOLDERS EQUITY

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
Issued capital	**2,000,000.00**	2,000,000.00
Reserves	**200,000.00**	-
Reserves - profit carried forward	**142,569,558.88**	-
Net profit	**8,048,330,069.71**	2,042,769,558.88
TOTAL	**8,193,099,628.59**	2,044,769,558.88

6.1. Issued capital:

The society began its activity on March 01st, 2008 with an issued capital of MGA 2,000,000.00 which can be detailed as follows at the end of financial year 2009

Shareholders	Number of shares	Share value	Total value
AFCONS INFRASTRUCTURE INTERNATIONAL LTD.	99	20,000.00	1,980,000.00
RAJENDRAN R. PALAMBALAKODE	1	20,000.00	20,000.00
TOTAL	**100**		**2,000,000.00**

7) CURRENT LIABILITIES

This heading is detailed as follows on December 31st, 2009:

Headings		31-Dec-09	31-Dec-08
Trade and other payables		**1,946,591,650.53**	2,673,255,978.92
Suppliers of goods and services	7.1	687,723,288.07	839,376,653.53
Suppliers of capital assets		1,406,592.00	19,076,068.60
Suppliers - Provision	7.2	1,257,461,770.46	1,814,803,256.79
Trade Creditors		**213,026,844.12**	217,969,905.33
Personnel - Owed Remunerations		177,982,664.33	198,347,346.33
Debts prov. paid leaves		35,044,179.79	19,622,559.00
Social securities and tax		**2,085,751,936.83**	925,272,226.29
CNAPS SOCIAL SECURITY		62,717,435.00	57,067,890.30
OSTIE		8,491,162.34	6,513,202.01
Payroll tax Provision		5,868,548.00	3,403,199.00
Witholding tax to be paid		13,998,442.35	-
Current Income Tax		915,835,140.00	227,337,800.00
VAT collected		1,019,602,945.14	563,241,352.96
Payroll tax (IRSA)		58,059,984.00	63,020,650.00
Social Provision		1,178,280.00	415,269.00
VAT to be regularised		-	-
Sundry Payables		**63,020,834.00**	-
Provision: Non current liabilities		63,020,834.00	-
TOTAL		**4,308,391,265.48**	3,816,498,110.54

7.1. Suppliers of goods and services

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
JOONAS CO LTD	**323,788,070.64**	-
LIQUID AIR	**104,082,882.00**	101,366,005.32
GEO DYNAMICS BARODIA	**57,490,614.00**	57,490,614.00
BRICOKOYTCHA	**26,009,115.60**	145,146,459.60
TRANSPORT BENJA	**21,300,000.00**	18,900,000.00
ARIO MADAGASCAR	**19,923,200.00**	13,871,800.00
TAMA BRICO TSARAHAZO	**17,865,340.88**	111,054,133.67
MOHAMED ARMANALY	**15,498,600.00**	-
H N M BROADCASTING	**15,287,983.82**	34,046,880.00
MADECASSE COMPANY	**-**	18,598,200.00
OCEAN TRADE	**-**	88,677,600.00
RAKOTOTNIRINA NORBERT FRANCIS	**-**	14,949,251.00
OTHER (<10 000 000,00)	**86,477,481.13**	100,216,306.44
TOTAL	**687,723,288.07**	839,376,653.53

7.2. Suppliers: Provision

This heading is detailed as follows on December 31st, 2009:

Currency unit: Ariary

	31-Dec-09	31-Dec-08
SNC BACK CHARGES	**984,257,233.80**	1,814,803,256.79
KAMALDEV & NORBERT	**200,000,000.00**	-
AUDIT 2009 fees	**30,000,000.00**	-
VISA	**20,000,000.00**	-
ARIO TICKET	**10,000,000.00**	-
RAKOTOMALALA (doctor)	**7,000,000.00**	-
ZAIN (Telecommunication)	**3,000,000.00**	-
BLUELINE INTERNET	**1,860,000.00**	-
BMOI (bank charges)	**1,344,536.66**	-
TOTAL	**1,257,461,770.46**	1,814,803,256.79

8) TURNOVER

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
Works	**21,001,616,559.30**	9,487,459,848.16
Revenue from additional activities	**20,855,563.55**	-
TOTAL	**21,022,472,122.85**	9,487,459,848.16

9) PURCHASES

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
GAS AND FUEL	**1,642,271,048.96**	513,937,583.45
PURCHASE RAW MATERIALS	**745,090,212.74**	1,095,929,583.56
PURCHASES LINKED TO WORKS	**714,589,222.43**	545,760,600.54
WATER AND ELECTRICITY	**103,921,259.10**	42,290,539.38
STOCKED PURCHASES	**37,693,348.00**	98,757,998.43
OTHER SUPPLIES	**15,676,316.00**	22,209,924.47
PURCHASES OF SERVICE	**-**	3,000,000.00
GROSS AMOUNT	**3,259,241,407.23**	2,321,886,229.83
DISCOUNT	**-664,337.65**	-6,482,390.00
NET AMOUNT	**3,258,577,069.58**	2,315,403,839.83

10) EXTERNAL CHARGES

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
Rental Charges	**2,779,581,952.00**	1,690,138,563.71
Mission and other expenses	**884,804,157.87**	471,401,336.90
Subcontracting	**431,713,285.80**	254,860,427.96
Honoraries	**219,889,129.00**	138,537,929.00
Telecommunication	**122,191,337.57**	40,865,010.69
Bank charges	**71,491,545.76**	15,329,353.46
Transport charges	**48,051,145.07**	14,664,016.05
Temporaries and external employe	**30,978,254.00**	12,397,397.00
Repairs and maintenance	**23,282,819.00**	10,089,542.69
Documentation and office services	**4,545,560.00**	2,425,600.00
Insurance	**300,263.34**	-
GROSS AMOUNT	**4,616,829,449.41**	2,650,709,177.46
DISCOUNT	-	-800,000.00
NET AMOUNT	**4,616,829,449.41**	2,649,909,177.46

11) TAXES & CONTRIBUTIONS

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
Witholding taxes	**29,707,447.87**	-
Registration fees	**-**	40,000.00
Others customs	**-**	90,000.00
TOTAL	**29,707,447.87**	130,000.00

12) SALARY AND WAGES

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
Salaries, Overtime and other allowances	**4,005,038,765.79**	1,968,875,582.00
Social security and other staff benefit	**246,536,381.32**	119,197,325.34
Other payroll cost	**26,371,189.00**	55,690,029.00
TOTAL	**4,277,946,336.11**	2,143,762,936.34

13) OTHER OPERATING INCOMES

This heading is detailed as follows on December 31st, 2009:

Currency unit: Ariary

	31-Dec-09	31-Dec-08
RESIDENT CARD	**143,659,568.29**	210,568,603.71
PENALTIES	**1,000,000.00**	1,359,184.00
LOSS ON ASSETS DISPOSAL	**2,090,976.67**	-
OTHERS	**8,245,859.05**	14,238,635.59
GIFT AND SPONSORSHIP	**1,617,500.00**	-
TOTAL	**156,613,904.01**	226,166,423.30

14) FINANCIAL INCOMES

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
Profit on exchange - unrealised	**891,665,476.11**	281,873,010.90
Bank interest	**1,198,652.26**	1,150,319.80
TOTAL	**892,864,128.37**	283,023,330.71

15) FINANCIAL COSTS

This heading is detailed as follows on December 31st, 2009:

	31-Dec-09	31-Dec-08
Loss on exchange	**530,284,512.99**	146,031,790.48
Bank interest	**3,241,927.86**	10,948,417.09
TOTAL	**533,526,440.85**	156,980,207.57

16) TAX STATUS

The financial statements as at December 31, 2009 present a profit before tax of Ariary 8,048,330,069.71, (2008 - Ariary 2,042,769,558.88).

The Fiscal income as at December 31, 2009 is Ariary 9,158,351,425.78. Therefore the current income tax is Ariary 915,835,140.00.

Exercises covered by the prescript of three (3) years remain opened to the taxation authorities verification.

SPECIAL REPORT ON THE REVIEW
OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED ON DECEMBER 31, 2009

TO THE SHAREHOLDERS OF AFCONS MADAGASCAR OVERSEAS S.A.R.L.

Dear Sir,

In accordance with the mandate which you have entrusted us, we are pleased to present our auditor’s special report on regulated convention.

It is not for us to investigate the existence of conventions, but to inform you, on the basis of the information we were given, the essential characteristics and methods of those we have been advised, without comment on their usefulness and appropriateness. It is your responsibility, according dispositions included in the article 373 to 375 of the law 2003-036 of January 30th, 2004 on company firms, to assess the interest involved in these agreements for their approval.

According to the information we were given, we inform you that no convention enters as part of dispositions included in the article 372 and following of the law 2003-036 of January 30th, 2004 on company firms:

We conducted our audit in accordance with International Standards on Auditing (IFAC) applied in Madagascar; those standards require implementation of procedures to verify the consistency of the information we were provided, with the documents from which they originate.

The chartered accountant

Bruno Razananirina
Expert Comptable et Financier
Antananarivo, Madagascar
February 6, 2010

AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE,
FUJAIRAH FREE ZONE, FUJAIRAH

Managers' Report

The Board has the pleasure in submitting its report together with the audited financial statement for the year ended 31st December 2009

Incorporation

The Company is incorporated on 23th September 2008 as a Free Zone Company registered with Limited Liability under the Law No.1 issued by Fujairah Free Zone. The Company is 100% subsidiary of Afcons Infrastructure International Limited, a company registered in Mauritius. During the year the name of the Company was changed from Afcons Emirates Financial Services FZE to Afcons Gulf International Projects Services FZE

The accounts are prepared from the date of incorporation till 31st December, 2009.

Principal Activities

The principal activities of the Company are that of Investments and financial consultancy services.

Financial Results

Total income of the Company for the period ended 31st December 2009 was AED 303,883 . Profit for the period is AED 12,928.

Manager

Mr. Mudit is the present Manager.

Auditors

The auditors,BDO Chartered Accountants & Advisors, Dubai, have expressed their willingness to continue in office.

Mudit
Manager

May 27,2010

AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE, FUJAIRAH FREE ZONE, FUJAIRAH

Independent Auditors' Report

To the shareholder of Afcons Gulf International Projects Services FZE, Fujairah Free Zone, Fujairah

Report on the financial statements

We have audited the accompanying financial statements of Afcons Gulf International Projects Services FZE, Fujairah Free Zone, Fujairah ("the Establishment"), which comprise the statement of financial position as at December 31, 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 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 Gulf International Projects Services FZE, Fujairah Free Zone, Fujairah as at December 31, 2009, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the Law No.1 for the year 2000, issued by Fujairah Free Zone came to our attention, which would materially affect the Establishment's financial position.

BDO CHARTERED ACCOUNTANTS & ADVISORS
Dubai
Yunus Saifee
Reg. No. 418

May 27, 2010

AFCONS GULF INTERNATIONAL PROJECTS SERVICES FZE, FUJAIRAH FREE ZONE, FUJAIRAH

Statement of financial position at December 31, 2009

	Note	2009 AED
Current assets		
Bank interest receivable		**742**
Bank balances	4	**1,017,186**
Total current assets		**1,017,928**
Current liabilities		
Audit fees payable		**(5,000)**
Net assets		**1,012,928**
Equity		
Share capital	5	**1,000,000**
Retained earnings		**12,928**
Total equity		**1,012,928**

The financial statements have been approved and signed by the Manager on May 27, 2010.

Mr. Mudit
Manager

Statement of comprehensive income for the period ended December 31, 2009

	AED
Expenses reimbursed by related party	**285,958**
Interest income	**17,925**
	303,883
Administration and general expenses	
Manager's salary	**(45,000)**
Licence and registration	**(194,191)**
Legal and professional charges	**(51,764)**
Total comprehensive income for the period	**12,928**

Statement of changes in equity for the period ended December 31, 2009

	Share capital AED	Retained earnings AED	Total equity AED
Share capital introduced	1,000,000	-	**1,000,000**
Total comprehensive income for the period	-	12,928	**12,928**
Balance at December 31, 2009	**1,000,000**	**12,928**	**1,012,928**

Statement of cash flows for the period ended December 31, 2009

	AED
Cash flows from operating activities	
Net profit for the period	**12,928**
Interest income	**(17,925)**
Operating loss before working capital changes	**(4,997)**
Cash flows from operating activities	
Increase in other receivables	**(742)**
Increase in other payables	**5,000**
Cash used in operations	**(739)**
Interest received	**17,925**
Net cash from operating activities	**17,186**
Cash flows from financing activities	
Share capital introduced	**1.000,000**
Net cash from financing activities	**1.000,000**
Cash and cash equivalents at end of the period	**1,017,186**

Notes to the financial statements for the period ended December 31st, 2009.

1. **Status and activity**
   Afcons Gulf International Project Services FZE, Fujairah ("the Establishment") is a Free Zone Establishment registered with limited liability under the Law No. 1 for the year 2000, issued by Fujairah Free Zone.
   During the period the name of the Establishment changed from Afcons Emirates Financial Services FZE to Afcons Gulf International Project Services FZE.
   The ultimate holding of the Establishment is Afcons Infrastructure International Limited, a company registered in Mauritius.
   The principal activity of the Establishment is investments and financial consultancy services. The principal place of business of the Establishment is located at Fujairah Free Zone.
   The financial statements for the period ended December 31, 2009 were authorized for issue by the Manager on May 27, 2010.
   These financial statements are presented in UAE Dirhams (AED).

2. **Accounting period**
   These financial statements relate to the period from the date of incorporation, September 23, 2008 to December 31, 2009.

3. **Adoption of new and revised standards**
   In the current period, the Establishment has adopted the following new and revised Standards, Amendments 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, 2009.

- IAS 1 (revised). 'Presentation of financial statements' – effective January 1, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share / profit for the period.
- IFRS 7 'Financial instruments – Disclosures' (amendment) – effective January 1, 2009.The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share / profit for the period.

   The following Standards, Amendments and Interpretations are not yet effective and have not been adopted by the Establishment:

- IAS 1 (Amendment), 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2010).
- IAS 7 (Amendment), 'Statement of cash flows' (effective for annual periods beginning on or after January 1, 2010).

4. **Significant accounting policies**
   These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. The significant accounting policies adopted are as follows:

   Impairments
   The carrying amounts of the Establishment's assets are reviewed annually at each date of statement of financial position 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 statement of comprehensive income.

   Financial assets
   All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

   Loans and receivables comprise of other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

   Foreign currencies
   Transactions in foreign currencies during the period are converted into AED at rates of exchange ruling at the transaction date. 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 statement of comprehensive income.

   Cash and cash equivalents
   For the purposes of statement of cash flows, cash and cash equivalents include bank balance and fixed deposits free of encumbrance with maturity periods of three months or less from the date of deposit.

5. **Bank balances**

	AED
Current account with bank	3
Fixed deposit with bank	1,017,183
	1,017,186

   During the period the name of the Establishment changed from Afcons Emirates Financial Services FZE to Afcons Gulf International Project Services FZE however the bank balances are still registered in the former name of the Establishment.

6. Share capital

	AED
Authorised issued and paid up capital 1000 shares of AED 1,000 each	1,000,000

7. Financial Instruments – risk management

Capital risk management

The capital is managed by the Establishment in a way that it is able to continue as a going concern while maximizing returns to shareholder.

The capital structure of the Establishment consists of cash and cash equivalents and equity attributable to equity holder, comprising of authorized, issued and paid up capital and retained earnings.

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

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Establishment is potentially exposed to concentration of credit risk from its financial assets which comprise principally fixed deposits, bank balance and other receivables. The Establishment's bank account is placed with high credit quality financial institution.

Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Establishment has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The establishment manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cashflows.

8. Contingent liabilities

There were no material contingent liabilities as at the date of statement of financial position of the Establishment

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

1. We have audited the attached Consolidated Balance Sheet of AFCONS INFRASTRUCTURE LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

3. We did not jointly audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs. 49,839.48 Lacs., as at 31st March, 2010, total revenues of Rs. 81,229.47 Lacs. and net cash flows amounting to Rs. 8,219.47 Lacs. for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by either of us in our individual capacity or by other auditors, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of subsidiaries, associates and joint ventures is based solely on the reports of the respective auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Our audit report of previous year was modified for:
   (i) non-provision for probable non-recovery of dues from a Partnership firm;
   (ii) non-provision for unbilled revenue;
   (iii) the manner of accounting for outstanding arbitration awards and interest accrued thereon; and
   (iv) non-provision for certain debts and advances.
   The matters in respect of items (i) to (iii) above have been resolved during the year as, based on the information and explanations provided to us that the arbitration awards are concluded unanimously in favor of the Company and that the counter parties have not produced new evidence in the Court of Law when going for appeal against the Arbitration awards and that there have been receipts of significant amount of claims during the current year as well as in the previous years, we are of the opinion that in the recognition of revenue in such cases no significant uncertainties exist regarding its measurement and collectibility.
   The matter in respect of item (iv) above has been resolved during the year as the Company has made adequate provision for doubtful debts and advances.

6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the aforesaid subsidiaries, joint ventures and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

R. Laxminarayan
Partner
Membership No. 33023

J.C. Bhatt
Chartered Accountant
(Registration No. Not Applicable)
Membership No. 10977

Place : Mumabi,
Date : 17th June, 2010

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	Rupees in Lacs	Rupees in Lacs	As at 31st MARCH, 2009 Rupees in Lacs
I. SOURCES OF FUNDS				
(1) Shareholders' Funds				
(a) Share Capital	1	**42,170.05**		42,140.44
(b) Reserves and Surplus	2	**25,732.82**		16,422.65
(c) Share Application Money - Pending Allotment		**0.18**		-
			67,903.05	58,563.09
(2) Minority Interest			**448.44**	73.72
(3) Loan Funds				
(a) Secured Loans	3	**25,207.01**		31,923.68
(b) Unsecured Loans	4	**30,565.99**		37,127.72
			55,773.00	69,051.40
(4) Deferred Tax Liability (net)			**4,443.58**	4,344.83
Total			**128,568.07**	132,033.04
II. APPLICATION OF FUNDS				
(1) Fixed Assets:	5			
Gross Block		**60,419.14**		59,583.29
Less: Depreciation/Amortisation		**(22,434.64)**		(20,947.82)
Net Block		**37,984.50**		38,635.47
Capital Work in Progress		**1,683.82**		1,978.28
			39,668.32	40,613.75
(2) Goodwill on Consolidation			**15.50**	15.50
(3) Investments	6		**40.55**	69.84
(4) Current Assets, Loans and Advances				
Inventories	7	**14,097.70**		20,768.65
Unbilled Revenue ((net of advance of Rs.13,951.35 lacs (Previous year Rs.18,552.45 lacs))		**53,796.12**		70,454.58
Sundry Debtors	8	**63,036.84**		33,730.26
Cash and Bank Balances	9	**17,955.30**		9,213.46
Loans and Advances	10	**13,876.08**		10,022.00
		162,762.04		144,188.95
Less:				
Current Liabilities and Provisions:				
Liabilities	11	**72,602.63**		51,480.35
Provisions	12	**1,315.71**		1,555.33
		73,918.34		53,035.68
Net Current Assets			**88,843.70**	91,153.27
(5) Miscellaneous Expenditure				
(to the extent not written off or adjusted)				
Deferred Revenue Expenditure			**-**	180.68
Total			**128,568.07**	132,033.04

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

In terms of our report attached

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: 17th June, 2010

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	SCHEDULE	Rupees in Lacs	Rupees in Lacs	Previous Year Rupees in Lacs
I. INCOME :				
Income from Operations	13		**228,222.75**	213,948.36
Other Income	14		**4,034.69**	3,474.00
Total			**232,257.44**	217,422.36
II EXPENDITURE :				
Cost of Construction/Materials	15		**148,617.79**	156,669.33
Payments to and Provision for employees	16		**23,644.39**	21,652.87
Other Expenses	17		**35,155.14**	17,610.44
Financial Lease Rentals			**-**	8.73
Interest and Financial charges	18		**8,801.05**	9,775.82
Depreciation / Amortisation		**3,468.92**		3,075.36
Less : Depreciation on the amount added on Revaluation transferred from Revaluation Reserve		**(85.40)**		(86.28)
			3,383.52	2,989.08
Total			**219,601.89**	208,706.27
Profit Before Tax			**12,655.55**	8,716.09
Provision for Taxation:				
Current Tax		**(2,456.68)**		(1,905.54)
{Including Rs 0.30 lacs (previous period Rs.0.40 lacs) for Wealth Tax}				
Deferred Tax		**(98.75)**		(672.44)
Fringe Benefit Tax		**-**		(140.25)
Foreign Taxes		**(350.74)**		(118.81)
Excess Provision for Tax in respect of earlier years		**(1.29)**		139.56
			(2,907.46)	(2,697.48)
Profit after Taxation before Minority Interest			**9,748.09**	6,018.61
Minority Interest			**(387.36)**	(9.87)
Profit after Tax and Minority Interest			**9,360.73**	6,008.74
Balance Brought Forward from Previous Year			**9,174.78**	3,182.63
Amount available for appropriations			**18,535.51**	9,191.37
APPROPRIATIONS:				9,356.65
Transfer to Capital Redemption Reserve Account			**-**	(12.50)
Proposed Dividend on Preference Shares			**(3.50)**	(3.50)
Tax on Dividend			**(0.59)**	(0.59)
Balance Carried to Balance Sheet			**18,531.42**	9,174.78
Basic Earnings per share (Face value Rs.10)			**13.09**	8.41
Diluted Earnings per share (in Rs.)			**2.78**	1.79
(Refer Note 14 of Schedule 19(III))				
Significant Accounting Policies and Notes on Accounts	19			

In terms of our report attached

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: 17th June, 2010

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-10 Rs. in lacs	2008-09 Rs. in lacs
A. Cash flow from operating activities		
Net Profit before prior period adjustments,extra ordinary items and tax	**12,655.55**	8,716.09
Adjustments for :		
Depreciation	**3,383.52**	2,989.08
(Profit) / Loss on sale / discard of fixed assets (net)	**210.25**	(40.89)
Dividend income	**(0.45)**	(2.42)
Interest income	**(793.51)**	(772.82)
Interest expense	**8,801.05**	9,775.82
Lease rentals expense	**-**	8.74
Loss on Foreclosure of Contract	**6,483.00**	-
Bad/irrecoverable Debtors / Unbilled Revenue / Advances w/off	**2,342.42**	393.04
Excess Provision for expenses of earlier years written back	**(369.05)**	(646.19)
(Profit) on sale / disposal of short term investments - Others	**-**	(114.25)
(Profit) on sale / disposal of long term investments - Others	**(91.66)**	-
Amount received on transfer of tenancy rights	**-**	(35.00)
Deferred revenue expenditure written off	**180.68**	180.68
Provision for projected losses	**(75.39)**	399.77
Operating profit before working capital changes	**32,726.40**	20,851.65
(Increase) in trade receivables	**(30,640.16)**	(10,703.60)
(Increase) / Decrease in inventories	**6,670.95**	(9,622.63)
Increase in leave encashment and gratuity provision	**32.47**	202.40
(Increase) / Decrease in unbilled revenue	**9,865.90**	(4,066.70)
(Increase) in loans and advances	**(3,869.99)**	(2,277.82)
Increase in trade,other payables and provisions	**21,099.10**	14,452.36
Cash generated from / (used in) Operations	**35,884.67**	8,835.66
Direct taxes paid	**(2,974.89)**	(1,482.88)
Net cash generated from operating activities	**32,909.78**	7,352.78
B. Cash flow from investing activities		
Purchase of fixed assets	**(2,929.26)**	(12,118.61)
Sale of fixed assets	**195.52**	185.94
Sale of investments	**120.95**	637.48
Dividend received	**0.45**	2.42
Interest received	**84.31**	46.49
Amount received on transfer of tenacy rights	**-**	35.00
Net cash used in investing activities	**(2,528.03)**	(11,211.28)
C. Cash flow from financing activities		
Proceeds from issue of Equity Shares	**50.35**	0.74
Share Capital Pending Allotment	**0.18**	-
Repayment of Convertible Preference shares	**-**	(13.75)
Proceeds from long-term borrowings	**5,000.00**	22,345.25
Repayment of long-term borrowings - net	**(20,903.83)**	(11,675.14)
Repayment / Proceeds from short term borrowings - net	**2,625.43**	6,637.26
Interest paid	**(8,408.82)**	(9,728.65)
Dividend Paid (including tax)	**(4.09)**	(0.92)
Net cash generated from / (used in) financing activities	**(21,640.77)**	7,564.79
Net increase in cash and cash equivalents	**8,740.98**	3,706.29
Cash and cash equivalents at the beginning of the year	**9,213.46**	5,506.91
Cash and cash equivalents at the end of the year	**17,954.44**	9,213.20
Reconciliation of cash and cash equivalents		
As per Balance sheet - schedule 9	**17,955.30**	9,213.46
less : interest accrued on bank deposits	**(0.86)**	(0.26)
As per Cash flow statement	**17,954.44**	9,213.20

Notes :-

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

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

R. Laxminarayan
Partner

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: 17th June, 2010

Schedules to Consolidated Balance Sheet As At 31st March, 2010

		Rupees in Lacs	As at 31st March, 2009 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			
71,700,514 (Previous year 71,404,380) Equity Shares of Rs.10 each (Refer note 1 below)		**7,170.05**	7,140.44
100,000,000, 0.01% Non Cumulative and Non Profit Participatory Convertible Preference Shares of Rs.10 each (Refer Note 2 below)		**10,000.00**	10,000.00
250,000,000, 0.01% Fully and Compulsorily Convertible Non-Cumulative, Non Participatory Preference shares of Rs. 10 each. (Refer Note 3 below)		**25,000.00**	25,000.00
	TOTAL	**42,170.05**	42,140.44

1. Of the above Equity Shares :-
   (a) 200,000 Shares of Rs.10 each have been issued as Fully paid up for Consideration other than Cash.
   (b) 3,500,000 Shares of Rs.10 each are issued as Fully Paid up Bonus Shares by Capitalization of Rs. 35,000,000 out of General Reserve.
   (c) 24,076,349 (Previous year 24,075,389) 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 Renaissance Commerce Pvt. Ltd.(formerly 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 Hermes Commerce Ltd. (formerly 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 into equity shares at par.
   (i) 300,514 (previous year 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 Investments Ltd., a subsidiary of SPCL on the following terms:
   (a) The Preference Shares shall be non- cumulative and non profit participating convertible Preference Shares carrying a fixed rate of dividend of 0.01% per annum to be paid in priority to the holders of any other class of shares.
   (b) The Preference Shares shall be deemed to be converted into common equity shares of the Company at a price of Rs. 68.25 per equity share (consisting of par of Rs. 10/- and a premium of Rs. 58.25) immediately, automatically and without any further act of the parties in the event of conversion of the Preference Shares mentioned in note 3 (b) below.

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

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

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

Schedules to Consolidated Balance Sheet As At 31st March, 2010

	Rupees in Lacs	Rupees in Lacs	As at 31st March, 2009 Rupees in Lacs
SCHEDULE 2			
RESERVES AND SURPLUS:			
CAPITAL RESERVE (ON INVESTMENT IN SUBSIDIARIES)			
Balance as per Last Balance Sheet	**35.41**		10.61
Add :Adjustment on purchase of shares in subsidiary	**-**		24.80
		35.41	35.41
CAPITAL REDEMPTION RESERVE ACCOUNT			
Balance as per Last Balance Sheet	**12.50**		-
Amount transferred from Profit and Loss account	**-**		12.50
		12.50	12.50
SHARE PREMIUM ACCOUNT			
Balance as per Last Balance Sheet	**988.38**		989.33
Add : Received on shares issued during the year	**20.74**		0.30
Less:Utilized on redemption of Zero Coupon Redeemable Preference shares.	**-**		(1.25)
		1,009.12	988.38
REVALUATION RESERVE			
Balance as per Last Balance sheet	**324.50**		410.78
Amount withdrawn from the Reserve and credited to Profit and Loss Account	**(85.40)**		(86.28)
		239.10	324.50
CONTINGENCIES RESERVE			
Balance as per last Balance Sheet		**800.00**	800.00
FOREIGN EXCHANGE TRANSLATION RESERVE			
Balance as per last Balance Sheet	**126.03**		(4.56)
Add: Amount transferred on account of resulting exchange differences on conversion of Foreign Subsidiaries / Joint Ventures	**18.19**	**144.22**	130.59 / 126.03
GENERAL RESERVE			
Balance as per last Balance Sheet		**4,961.05**	4,961.05
Balance in profit and loss account		**18,531.42**	9,174.78
TOTAL		**25,732.82**	16,422.65

	Notes		
SCHEDULE 3			
SECURED LOANS	**Notes**		
a) Loans and Advances From Banks:			
i) Cash Credit Accounts and Working Capital Demand Loans	1	**14,811.85**	12,662.39
ii) Equipment/ Car Loan	2	**10,395.16**	18,006.98
iii) Term Loan	3	**-**	1,250.00
Sub Total		**25,207.01**	31,919.37
b) Other Loans and Advances			
Equipment / Car Loan	2	**-**	4.31
(Amount due within one year Rs. Nil (Previous year Rs. 4.31 lacs))			
Sub Total		**-**	4.31
TOTAL		**25,207.01**	31,923.68

NOTES:

1. Secured by a first charge on the immovable properties of the Company situated in Andheri, Mumbai and Nagpur on a pari-passu basis. Further secured by hypothecation of the Company's stocks of construction materials, stores and work in progress, all other movable properties, plant and machinery and book debts on a pari-passu basis.
2. Secured by first charge by way of hypothecation of the equipment / car(s) financed.
3. Secured by charge on receivables older than 6 months.

	Rupees in Lacs	Rupees in Lacs	As at 31st March, 2009 Rupees in Lacs
SCHEDULE 4			
UNSECURED LOANS			
Short Terms Loans and Advances			
From Banks	**7,250.00**		23,287.72
From Others - Commercial Papers	**14,142.07**		-
{Maximum amount raised during the year Rs.18,966.92 Lacs (previous year Nil.)}		**21,392.07**	23,287.72
Other Loans & Advances			
From Banks	**8,750.00**		13,750.00
From Others	**423.92**		90.00
		9,173.92	13,840.00
TOTAL		**30,565.99**	37,127.72

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

Schedule to Consolidated Balance Sheet as at 31st March, 2010

Schedule 5
Fixed Assets

Rupees in Lacs

Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATIONS					NET BLOCK	
	As at 01.04.2009	Additions	Adjustments (refer note 6)	Deductions	As at 31.03.2010	Upto 01.04.2009	For the Year	Adjustments (refer note 6)	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
TANGIBLE ASSETS												
Land - Freehold	1.58	-	-	-	**1.58**	-	-	-	-	**-**	**1.58**	1.58
Land - Leasehold	16.58	-	-	-	**16.58**	0.16	0.16	-	-	**0.32**	**16.26**	16.42
Buildings	1,853.54	-	-	-	**1,853.54**	1,106.10	61.74	-	-	**1,167.84**	**685.70**	747.44
Plant and Machinery	51,718.23	2,281.71	88.54	2,210.83	**51,877.65**	17,062.29	2,901.50	3.51	1,848.57	**18,111.71**	**33,765.94**	34,655.94
Leasehold Improvements	279.22	-	-	-	**279.22**	279.22	-	-	-	**279.22**	**-**	-
Floating Equipments etc.	3,582.50	308.65	-	132.55	**3,758.60**	1,887.24	258.12	-	116.30	**2,029.06**	**1,729.54**	1,695.26
Laboratory Equipments	136.46	8.36	-	-	**144.82**	57.03	10.00	-	-	**67.03**	**77.79**	79.43
Office Equipments	1,326.71	291.53	-	22.62	**1,595.62**	386.16	129.04	-	12.55	**502.65**	**1,092.97**	940.55
Furniture and Fixtures	354.72	73.64	-	13.74	**414.62**	87.55	66.79	-	3.46	**150.88**	**263.74**	267.17
Motor Vehicles	261.79	31.04	-	8.13	**284.70**	62.05	24.58	-	1.22	**85.41**	**199.29**	199.74
Sub Total	**59,531.33**	**2,994.93**	**88.54**	**2,387.87**	**60,226.93**	**20,927.80**	**3,451.93**	**3.51**	**1,982.10**	**22,394.12**	**37,832.81**	**38,603.53**
INTANGIBLE ASSETS												
Software - Acquired	31.96	140.25	-	-	**172.21**	20.02	20.50	-	-	**40.52**	**131.69**	11.94
Goodwill	20.00	-	-	-	**20.00**	-	-	-	-	**-**	**20.00**	20.00
Sub Total	51.96	140.25	-	-	**192.21**	20.02	20.50	-	-	**40.52**	**151.69**	31.94
Total	59,583.29	3,135.18	88.54	2,387.87	**60,419.14**	20,947.82	3,472.43	3.51	1,982.10	**22,434.64**	**37,984.50**	
Previous Year	48,862.10	11,672.69	-	951.50	**59,583.29**	18,678.91	3,075.36	-	806.45	**20,947.82**		38,635.47
Capital Work in Progress (Including advances)											**1,683.82**	1,978.28
Total											**39,668.32**	**40,613.75**

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

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

(4) Gross Block as at 31st March, 2010 includes assets of Rs. NIL (previous year Rs.45.82 Lacs) where the title is yet to be transferred in the name of the Company.

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

(6) The adjustments is towards excise duty capitalised during the year ended March 31, 2009, against which cenvat credit was availed in the current year, now reversed.

Schedules to Consolidated Balance Sheet As At 31st March, 2010

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2009 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)- Lodged with Government Authorities and Clients.		**0.55**	0.55
B) OTHER INVESTMENTS			
(I) Quoted :			
(i) 40,072 (Previous year 80,072) Equity Shares of Rs.10 each fully paid up in HINDUSTAN OIL EXPLORATION COMPANY LIMITED.	**29.34**		58.63
(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 each fully paid up in SIMPLEX CONCRETE PILES LTD.	**0.04**		0.04
(iv) 100 Shares of Rs.10 each fully paid up in ITD CEMENTATION INDIA LTD.	**0.42**		0.42
(v) 250 Equity Shares of Rs.2 each fully paid up in GAMMON INDIA LTD.	**0.06**		0.06
		29.89	59.18
(II) Unquoted :			
(i) Equity Share of Rs.100 each fully paid up in Afcons (Mideast) Constructions and Investments Private Limited.	**0.11**		0.11
		0.11	0.11
(III) In units of Mutual Fund:			
(i) 50,000 units of Rs. 10/- each of SBI Infrastructure Fund		**5.00**	5.00
(ii) 50,000 units of Rs. 10/- each of UTI Infrastructure Advantage Fund - Series I		**5.00**	5.00
TOTAL		**40.55**	69.84

NOTES:-

1 Aggregate Value Of Investments

Unquoted - Cost	**10.66**	10.66
Quoted - Cost	**29.89**	59.18
Market Value	**96.31**	49.11

2 Details of Investments purchased & sold during the year

Particulars	Face Value	Unit Nos	Purchase Cost (in lacs)
Birla Sunlife	10	12,984,832	1,300

3 Details of Investments purchased & sold during the previous year — Nil

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2009 Rupees in Lacs
SCHEDULE 7			
INVENTORIES:(At cost or Net Realisable Value whichever is lower)			
Stores and Spare Parts		**3,465.12**	3,991.42
Stock in Trade - Construction Materials		**10,632.58**	16,777.23
TOTAL		**14,097.70**	20,768.65
SCHEDULE 8			
SUNDRY DEBTORS:			
(Unsecured)			
Debts Outstanding for a period exceeding 6 months			
a) Arbitration Awards	**9,123.04**		7,934.43
b) Others*	**10,940.74**		8,575.10
		20,063.78	16,509.53
Other Debts			
a) Arbitration Awards	**309.22**		759.27
b) Others*	**44,673.49**		16,900.05
		44,982.71	17,659.32
		65,046.49	34,168.85
Less : Provision for Doubtful debts		**2,009.65**	438.59
TOTAL		**63,036.84**	33,730.26

Notes:

1) *Includes Retention Money / Security Deposit aggregating to Rs.10,698.00 lacs (Previous Year Rs.7,639.19 lacs) of which Rs. 4,491.56 lacs (Previous year Rs. 3,415.30 lacs) is outstanding for more than six months.

2) Debtors include :

Considered Good	**63,036.84**	33,730.26
Considered Doubtful	**2,009.65**	438.59
	65,046.49	34,168.85

Schedules to Consolidated Balance Sheet As At 31st March, 2010

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2009 Rupees in Lacs
SCHEDULE 9			
CASH AND BANK BALANCES			
(a) Cash on hand		**50.61**	63.80
(b) Bank Balances :			
With Scheduled Banks			
(i) In Current Accounts	**10,640.18**		8,630.25
(ii) In Deposit Accounts	**6,862.08**		167.01
(iii) In B.G. Margin Accounts	**130.56**		277.39
		17,632.82	9,074.65
[Including Rs.335.11 Lacs (Previous Year Rs.21.92 Lacs), including interest accrued Rs.11.50 Lacs (Previous year Rs.0.81 Lacs) over which Banks and Clients have lien]			
With Others (Refer Note below)			
In Current Account with Foreign Banks	**289.38**		92.52
Less : Provision	**(17.51)**		(17.51)
		271.87	75.01
TOTAL		**17,955.30**	9,213.46

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

	Rupees in Lacs	Rupees in Lacs	As at 31st March 2009 Rupees in Lacs
SCHEDULE 10			
LOANS AND ADVANCES			
(Unsecured, considered good)			
To a Joint Venture in which the Company is a Venturer		**76.35**	71.40
Deposit with a company		**11.15**	10.29
{including interest accrued Rs.1.15 Lacs (Previous year Rs.0.29 Lacs)}			
Advances recoverable in cash or in kind or for value to be received		**11,970.75**	8,028.72
Interest accrued on deposits / investments		**52.21**	1.81
Advance Tax (net of provision)		**1,131.10**	1,179.28
MAT Credit Entitlement		**762.23**	758.04
Other Deposits		**14.01**	3.85
		14,017.81	10,053.39
Less: Provision for doubtful advances		**141.73**	31.39
TOTAL		**13,876.08**	10,022.00
Note :			
Advances include :			
Considered good		**13,876.08**	10,022.00
Considered doubtful		**141.73**	31.39
		14,017.81	10,053.39
SCHEDULE 11			
LIABILITIES :			
Sundry Creditors			
(i) Total outstanding dues to micro, small and medium enterprises	**72.26**		117.09
(ii) Total outstanding dues to creditors other than micro, small and medium enterprises	**48,608.99**		41,874.00
		48,681.25	41,991.09
Advances from Clients		**18,957.15**	5,285.20
Temporary Book Overdraft		**9.47**	-
Interest accrued but not due on Loans		**508.05**	115.82
Unclaimed matured fixed deposits *		**6.49**	8.19
Other Liabilities		**4,440.22**	4,080.05
* There are no amounts, due and outstanding, to be credited to Investor Education and Protection Fund			
TOTAL		**72,602.63**	51,480.35
SCHEDULE 12			
PROVISIONS			
Provision for Tax (Net of Advance Tax)		**292.40**	489.10
Provision for Compensated Absences		**354.25**	349.90
Provision for Gratuity		**249.33**	221.21
Provision for Estimated losses		**415.64**	491.03
Proposed Dividend		**4.09**	4.09
TOTAL		**1,315.71**	1,555.33
SCHEDULE 13			
INCOME FROM OPERATIONS :			
Contract Revenue (Gross)	**230,279.99**		216,597.98
Less : Value Added Tax	**3,171.80**		3,840.95
		227,108.19	212,757.03
Sale of Services		**209.74**	140.72
Sale of Goods		**18.31**	44.26
Survey WIP		**(17.45)**	17.45
Sale of Scrap		**903.96**	988.90
TOTAL		**228,222.75**	213,948.36

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

Schedules to Consolidated Profit and Loss Account for the Year Ended 31st March, 2010

	Rupees in Lacs	Rupees in Lacs	Previous year Rupees in Lacs
SCHEDULE 14			
OTHER INCOME :			
Dividend (Long Term Investments) :			
From Others	**0.45**		2.42
Interest Income:			
On Arbitration awards	**657.89**		736.04
On Other Investments (Long Term Investments)	**0.93**		5.40
On Deposit with Banks {Tax deducted at source Rs.2.72 lacs (previous year Rs. 3.41 lacs)}	**128.15**		19.84
On Income Tax Refund	**53.61**		278.14
On Others	**6.54**		11.54
		847.57	1,053.38
Service Charges		**122.47**	-
Excess provision for expenses in respect of earlier years		**369.05**	646.19
Profit on sale of fixed assets		**-**	40.89
Profit on sale of long term Investment (Non trade)		**91.66**	114.25
Duty Scrip Credit Availed		**1,581.09**	753.74
Insurance Claim Received		**342.81**	272.64
Miscellaneous Income		**680.04**	592.91
TOTAL		**4,034.69**	3,474.00
SCHEDULE 15			
COST OF CONSTRUCTION			
Construction Materials Consumed		**75,245.43**	102,330.64
{Net of sales Rs. 1,662.06 Lacs (Previous year Rs. 4350.42 Lacs)}			
Subcontract and Hire Charges		**58,228.51**	44,131.48
Stores and Spares Consumed		**2,050.50**	1,947.42
{Net of sales Rs. 78.96 Lacs (Previous year Rs. 161.86 Lacs)}			
Power and Fuel		**3,752.66**	5,529.99
Site Installation Expense		**999.59**	1,232.55
Freight, Packing, Forwarding and Transport Expenses		**1,145.82**	1,497.25
Technical Consultancy Charges		**7,195.28**	-
TOTAL		**148,617.79**	156,669.33
SCHEDULE 16			
PAYMENTS TO AND PROVISION FOR EMPLOYEES			
Salaries, Wages, Bonus and Allowances		**20,828.21**	18,948.32
Contribution to Provident and other Funds		**1,074.57**	1,337.05
Staff Welfare Expenses		**1,741.61**	1,367.50
TOTAL		**23,644.39**	21,652.87
SCHEDULE 17			
OTHER EXPENSES			
Electricity		**202.99**	194.62
Rent		**2,482.83**	1,974.61
Rates and Taxes		**1,587.15**	1,216.10
Insurance		**4,043.62**	1,673.92
Repairs :			
Plant and Machinery	**121.28**		177.61
Building	**15.86**		66.99
Others	**1,371.87**		671.46
		1,509.01	916.06
Travelling and Conveyance Expenses		**3,372.31**	3,480.91
Communication Costs		**394.40**	403.68
Legal and Professional Fees		**9,019.25**	3,303.63
Directors Sitting Fees		**6.80**	7.90
Loss on Sale / Discard of Fixed Assets (net)		**210.25**	-
Provision for Projected Loss		**-**	399.77
Loss on Foreclosure of Contract		**6,483.00**	-
Donations		**7.92**	8.61
Bad/Irrecoverable Debtors/ Unbilled Revenue/ Advances written off		**315.36**	87.42
Provision for doubtful debts and advances		**2,027.06**	305.62
Loss on Exchange (Net)		**271.95**	763.88
Deferred revenue expenditure Written off		**180.68**	180.68
Miscellaneous Expenses		**2,858.14**	2,062.06
Auditors' Remuneration		**69.49**	85.06
Visa Charges		**112.93**	545.91
TOTAL		**35,155.14**	17,610.44
SCHEDULE 18			
INTEREST AND FINANCIAL CHARGES			
On Fixed Loans		**5,195.71**	5,527.08
On Bank Cash Credit Working, Capital Demand Loans etc.		**990.07**	1,595.96
Bank Charges Including Bank Guarantee Commission		**1,582.17**	1,175.30
Interest on Advance from Clients		**722.26**	1,078.53
Other Interest		**310.84**	398.95
TOTAL		**8,801.05**	9,775.82

SCHEDULE NO. 19
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Principles of Consolidation:

1. The consolidated financial statements relate to Afcons Infrastructure Limited ('the Company") and its subsidiaries, associate and joint ventures, which together constitute the Group. The consolidated financial statements have been prepared on the following basis :
   a) The financial statements of the Company and its subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS- 21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006.
   b) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
   c) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit and Loss account as the profit or loss on sale of investment in subsidiary.
   d) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
   e) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
   f) In case of associates, where the Company directly or indirectly through subsidiaries holds more than 20% of equity or exercises significant influence over the investee, investments are accounted for using equity method in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India and notified under the Companies (Accounting Standards) Rules, 2006.
   g) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
   h) The Company's interest in Jointly Controlled Entities are consolidated on a proportionate consolidation basis by adding together the proportionate book values of assets, liabilities, income and expenses and eliminating the unrealised profits/losses on intra-group transactions.
   i) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiaries when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements.
   j) The accounts of the Indian subsidiaries have been prepared in compliance with the Accounting Standards referred to in Section 211(3C) and other requirements of the Companies Act, 1956 and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards.
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 Offshore and Marine Services Pvt. Limited.	India	100%
Afcons Construction Mideast LLC*	U.A.E	49%
Afcons Infrastructure International Limited	Mauritius	100%
Afcons Madagascar Overseas SARL #	Madagascar	100%
Afcons Gulf International Projects Services FZE #	U.A.E.	100%
Afcons Gunanusa Joint Venture (also a Jointly Controlled Entity)	India	80%
Transtonnelstroy Afcons Joint Venture (also a Jointly Controlled Entity)	India	100%

* It is accounted based on control exercised by the Company on the composition of Board of Directors of Afcons Construction Mideast LLC.
\# Step down subsidiaries of Afcons Infrastructure International Limited.

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

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

* It is accounted based on significant influence by the Company on the composition of Board of Directors of Afcons (Mideast) 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%
Strabag AG Afcons Joint Venture	40%
Saipem Afcons Joint Venture	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 life 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 not exceeding five years from the date(s) of installation.

Intangible Fixed Assets

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

Depreciation

Depreciation on fixed assets (including revalued assets) is provided on the straight-line basis in accordance with the provisions of the Companies Act, 1956, at the rates and in the manner specified in schedule XIV to the Act.

Capital spares consumed are Capitalised and amortized over a period of four years.

The difference between depreciation on revalued cost and original cost has been withdrawn from Revaluation Reserve and credited to the Profit and Loss Account.

Cost of the Intangible Assets viz computer software is amortized over a period of five years.

Impairment

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

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 ustomer(s) will accept them and amounts can be reliably measured. In the case of Arbitration Awards (the "Awards") which are granted unanimously in favor of the Company, the claims awarded, are accounted in the year the Awards are received. The interest granted on such claims is recognised as per terms of the Awards.

(e) Revenue 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.

Export Benefits:

Export benefits in the form of duty credit entitlement licenses granted by the Government of India under the "Served from India" scheme on the basis of export realizations made are accounted for on receipt of duty credit licenses.

Provision for Estimated Losses

Estimated losses, if any, in respect of contracts in progress are provided for based on 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) Other Benefits

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

(vi) Actuarial gains and losses:

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

Borrowing costs

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

Segment Reporting:

The following accounting policies have been followed for segment reporting:

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

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

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

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.

Accounting for joint ventures

Accounting for joint ventures has been done as follows :-

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

Provisions, Contingent Liabilities and Contingent Assets

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

III NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 336.94 Lacs (As at 31st March 2009 Rs. 751.27 Lacs).

Contingent liabilities

2. Claims against the company not acknowledge as debts **Previous year**

Sr. No.	Particulars	Rs in Lacs	Rs. In Lacs
1.	Claims against the Company not acknowledged as debts a) Liquidated damages against the company b) Differences with sub-contractors in regard to rates and quantity of materials. c) Proposed Recovery by the Government of Andhra Pradesh towards Sales Tax on B.T. escalation. d) Labour and other matters. The above claims are pending before various authorities. The Company is confident that the cases will be successfully contested.	 - 686.66 - 1.00	 331.32 713.92 218.19 1.00
2.	a. Bank Guarantees given on behalf of Subsidiaries and Joint Ventures. b. Corporate Guarantees given on behalf of Subsidiaries and Joint Ventures	70,791.39 71,127.14	20,480.60 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	1,937.02	1,658.23
4.	Excise Duty Represents demands raised by Central Excise Department for Excisability of girders. The Company is confident that the cases will be successfully contested.	1,403.18	307.69
5.	Service Tax Represents demand confirmed by the Asst. Commissioner of Service Tax for disallowance of Cenvat Credit, since abatement claimed. The Company has appealed against the said order with Commissioner of Service Tax Mumbai and is confident that Cenvat Credit will be allowed as it is project specific and abatement has not been availed on the same.	2.84	-

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

3. The Company was awarded a Contract by East Central Railway (the "Client") for construction of a Bridge over the river Sone at Dehri-on-Sone in Bihar on April 24, 2003 with an expected completion date of April 23, 2007 for the contract price of Rs. 21,178/- lacs.

   Due to certain factors such as delays in finalising designs, which was the Client's responsibility and granting of requisite approvals by the Client, the date of completion of the work was extended by the Client up to December 31, 2009. Further, the requirement of materials such as steel and cement increased significantly based on the approved designs as compared to the quantity considered on the tendered design. This was additionally accompanied by an unprecedented rise in the prices of construction materials - mainly steel and cement between the years 2003 and 2008, due to which the company incurred additional costs. Consequently, certain price variation claims were lodged with the Client during the years ended March 31, 2006, 2007, 2008 and 2009. These price variation claims representing only costs aggregating to Rs. 6,483/- Lacs were accounted as income during the respective years.

   In the meanwhile, the Railway Board constituted a high-powered committee to deliberate on the representations made by the Company and recommend a course of action to be adopted for early completion of work. The Committee decided that the Company's case is a special case with special circumstances and hence eligible for compensation for variation in price. However the Client has expressed its unwillingness to settle the Company's claim based on the above recommendations and has preferred the arbitration process. In the meanwhile, the Company stopped work on the project in October 2009 on account of non-settlement of the compensation issue by the Client. After prolonged and unsuccessful negotiations, the contract was foreclosed by the Client from October 20, 2009, vide letter dated December 29, 2009 with no financial repercussions on either side. An amount of Rs. 6,483/- lacs was appearing in the books of the Company as at March 31, 2010 being the Unbilled Revenue, in terms of Para 31 of the Accounting Standard 7 – Construction Contract, which represents the price variation claims, in respect of the increase in the costs of steel and cement as mentioned above.

   The matter is being referred to the Railway Arbitration panel. Notwithstanding the strong merits of this case, considering the fact that the Railway Arbitration process takes unduly long period of time and is subject to Railway's internal Regulations, the Company is not certain about a positive outcome in this Arbitration.

   Hence, after considering all the above factors, as a matter of prudence, and the provisions of para 27 and 33 of the Accounting Standard 7 - Construction Contract the Company has recognised the aforesaid amount of Rs. 6,483/- lacs as an expense. This has been included in schedule 17 under the head 'Loss on foreclosure of contract'.

4. 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:

Previous year

	Rupees (in Lacs)	Rupees (in Lacs)
Construction materials consumed	**73.18**	100.45
Stores and spares consumed	**52.38**	310.89
Repairs	**155.47**	102.48
Others	**40.60**	15.33
Total	**321.63**	529.15

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

Previous year

Particulars	**Rupees in (Lacs)**	**Rupees in (Lacs)**
a) Contract Revenue	**230,279.99**	216,597.98
b) Disclosure for contracts in progress:		
(i) Aggregate amount of costs incurred	**718,249.98**	504,919.67
(ii) Recognized profits (less recognized losses)	**86,180.15**	58,075.40
(iii) Advances Received	**41,868.55**	34,519.49
(iv) Retention Money	**9,974.39**	6,752.63
c) Gross amount due from customers for contract work	**21,108.01**	22,820.44
d) Gross amount due to customers for contract work	**24,088.12**	14,645.75

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

Previous year

Particulars	**Rupees in (Lacs)**	**Rupees in (Lacs)**
Plant and machinery (cost)	**-**	11.28
Future lease rental obligations	**-**	0.02

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

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

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

Rs. In Lacs

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

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

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

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

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

G. Reconciliation of the Liability recognized in the Balance Sheet:	Current Year	31st March, 2009	31st March, 2008
Opening Net Liability	**221.35**	138.65	189.37
Expense recognized	**147.98**	217.70	88.28
Employers Contribution	**(120.00)**	(135.00)	(140.24)
Amount recognized in the Balance Sheet under “Provision for Retirement Benefits”	**249.33**	221.35	138.65

(b) Compensated Absences (Non funded) :

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

Notes :

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

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

iii) The details of experience adjustments on account of Plan Liability and Plan Asset as required by Para 120 (n) (ii) of AS-15 is Rs. 25.71 Lacs (loss) and Rs. 2.78 Lacs (gain) respectively. However, as the details of experience adjustments on account of Plan Liability and Plan Asset for earlier periods are not readily available in valuation reports and hence not furnished.

iv) Contributions expected to be paid to the plan during the annual period beginning after the Balance Sheet date is Rs. 120 Lacs.

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

vi) In the absence of detailed information regarding investment pattern of plan assets from Life Insurance Corporation of India, the same has not been disclosed by the Company.

8. Segment information:

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

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

Secondary: Geographical (Location of customers) **(Rs. in Lacs)**

		Local projects	Foreign projects	Total
A.	Income from Operations	**139,241.84**	**88,980.91**	**228,222.75**
		(182,635.64)	(31,312.72)	(213,948.36)
B.	Carrying amount of assets (Excluding Taxes on Income and Investment)	**157,400.71**	**43,136.32**	**200,537.03**
		(159,775.05)	(23,105.83)	(182,880.88)
C.	Addition to fixed assets	**2347.00**	**493.72**	**2,840.72**
		(11,353.19)	(749.92)	(12,103.11)

Figures in parenthesis are those of previous year.

9. 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) Construction 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 Gunanusa Joint Venture
Strabag AG Afcons Joint Venture
Saipem Afcons Joint Venture
Transtonnelstroy Afcons Joint Venture

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

10. 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	**-**	**-**	**187.75**	**-**	**187.75**
	(-)	(-)	(189.32)	(-)	(189.32)
Sitting Fees paid	**-**	**-**	**0.80**	**-**	**0.80**
	(-)	(-)	(0.90)	(-)	(0.90)
Finance Lease charges	**-**	**-**	**-**	**-**	**-**
	(-)	(0.74)	(-)	(-)	(0.74)
Interest paid on loan	**-**	**5.85**	**-**	**-**	**5.85**
	(-)	(5.85)	(-)	(-)	(5.85)
Hire charges ad other expenses	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)
Outstanding amount of guarantee given / (taken)	**-**	**-**	**-**	**-5000.00**	**-5000.00**
	(-)	(-)	(-)	(-5000.00)	(-5000.00)
Outstanding amount Dr / (Cr)	**-15.31**	**-90.00**	**-**	**-**	**-105.31**
	(-387.32)	(-90.00)	(-)	(-)	(-477.32)
Utilisation of Duty Credit Scrip	**55.95**	**-**	**-**	**-**	**55.95**
	(386.70)	(-)	(-)	(-)	(386.70)
Purchase of Assets	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)

Figures in parenthesis are those of the year ended 31st March, 2009

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

		Previous year
	Rupees (in Lacs)	**Rupees (in Lacs)**
Differences in the value of depreciable assets between books and tax records	**(2,859.02)**	(2,248.08)
Provision for Gratuity	**83.92**	0.69
Provision for Doubtful Debts	**811.00**	103.88
Deferred revenue expenditure	**1.22**	(58.74)
Arbitration awards	**2742,38**	2518.76
Others	**261.68**	376.18
Net deferred tax liability	**(4,443.58)**	(4,344.83)

12. Derivative Instruments:
Secured Loan taken in foreign currency as at the balance sheet date not covered by forward contracts are in Euro Nil equivalent to Rs. Nil Lacs (Previous year Euro 2,098,192 equivalent to Rs. 1,445.86 Lacs).
Payable and Receivables in foreign currency as at the balance sheet date not covered by forward contracts are Rs. 15,332.34 Lacs (as at 31st March 2009 Rs. 7,462.07 Lacs) and Rs. 21,752.74 Lacs (as at 31st March 2009 Rs. 11,234.99 Lacs) respectively

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 option 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	**1,785,000**	1,785,000
Granted and Outstanding at the beginning of the year	**629,500**	654,550
Granted during the year	**Nil**	Nil
Forfeited during the year	**Nil**	Nil
Exercised during the year	**296,134**	4380
Lapsed during the year	**29,906**	20,670
Granted and outstanding at the end of the year	**303,460**	629,500
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 antidilutive 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. 28.56 Lacs (Previous Year Rs. 59.24 Lacs). Consequently profit after tax would have been lower by like amount and Basic Earning per share would have been lower by Rs.0.04 per share (Previous Year Rs. 0.08) and Diluted Earnings per share would have been lower by Rs. 0.01 (Previous Year Rs. 0.02) 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

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

		Previous year
	Rs. (in Lacs)	**Rs. (in Lacs)**
Profit after tax and minority interest	**9,360.73**	6,008.74
Less: Dividend on 0.01% Fully Compulsorily Convertible Non Cumulative Non Participatory Preference shares (including dividend tax)	**4.09**	4.09
Profit for the year attributable to equity shareholders	**9,356.64**	6,004.65

Weighted average number of shares outstanding during the year	**Numbers**	**Numbers**
For basic EPS	**71,471,019**	71,402,244
For diluted EPS (refer note below)	**336,123,033**	336,054,258

Earnings per share	**Rupees**	**Rupees**
Basic	**13.09**	8.41
Diluted	**2.78**	1.79
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)	**71,471,019**	71,402,244
Add : Potential equity shares that could arise on conversion of 0.01% Fully and Compulsorily convertible Non-cumulative, Non Participatory Preference shares at Rs. 10 each (Refer Note below)	**250,000,000**	250,000,000
Add: Potential equity shares that could arise on conversion of 0.01% Non-cumulative, Non Participatory Convertible Preference shares at Rs. 68.25 (converted into Non Cumulative Non Participatory Convertible during the Year)	**14,652,014**	14,652,014
Total	**336,123,033**	336,054,258

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

15. The following are details of the investment in associate made by the Company. **(Rs. in Lacs)**

Name of the Associate	**Carrying Amount of Investment as at 1st April, 2009**	**Amount of Capital Reserve**	**Accumulated Profit / -Loss**	**Carrying Amount of Investment as at 31st march 2010**
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, 2009

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

(Rs. in Lacs)

Name of Subsidiary	**Gross Value of Fixed Assets**
SSS Electricals (India) Private Limited	64.30 (55.53)

Figures in parenthesis are those of the previous year ended 31st March, 2009

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

Signatures to schedules 1 to 19

For and on Behalf of the Board of Directors

K. Subrahmanian
Managing Director

S. Paramasivan
Executive Director
(Finance & Commercial)

P. R. Rajendran
Company Secretary

Place: Mumbai
Dated: 17th June, 2010.