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26TH ANNUAL REPORT

2001-2002

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IRCON INTERNATIONAL LIMITED

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ICON INTERNATIONAL LIMITED

ANNUAL REPORT 2001-2002

REPORTS
ANNUAL ACCOUNTS

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BOARD OF DIRECTORS

Chairman
(Part-time official)

Mr. B.S.Sudhir Chandra

Whole-time Directors

Mr. B.S.Kapur
Managing Director

Mr. A.K.Tandon
Director(Projects)

Mr. K.B.Verma
Director (Finance)

Mr. Ankush Krishan
Director (Works)

Part-time Directors (official)

Mr. Sudhir Mathur

Mr. S.C.Nagpal

Part-time Directors (non-official)

Dr. S. A. Dave

Mr. S.S.Shroff

Mr. P.K.Choudhury

Mr. M.Ravindra

Company Secretary

Ms. Lalitha Gupta

Registered Office

Palika Bhawan, Sector-XIII, R.K.Puram, New Delhi-110066.

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Statutory Auditors

N.K.Bhargava & Co.
Chartered Accountants, C-31 Acharya Niketan
1st floor, Opp. Pocket-I, Below NIIT Centre,
Mayur Vihar, Phase-I, Delhi-91.

B a n k e r s

State Bank of India

Credit Agricole Indosuez

Indian Overseas Bank

Punjab National Bank

Vijaya Bank

Oriental Bank of commerce

Standard Chartered Bank

J&K Bank Ltd.

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Stock Exchanges where shares listed

The Stock Exchange,
Phiroze Jeejeebhoy Towers,
25th Floor, Dalal Street,
Mumbai-400 001.

Delhi Stock Exchange
Association Ltd.
3/1, Asaf Ali Road,
New Delhi - 110 002.

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- NOTE:-
1. A member entitled to attend and vote at the meeting, is also entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. Form of Proxy is enclosed.
 2. Five members (shareholders) of the Company personally present is the Quorum.
 3. Explanatory statement in respect of business item No. 3 is annexed.
 4. Register of Members and Transfer Book shall remain closed from 17.8.2002 to 20.8.2002 (both days inclusive)

- To:
1. All shareholders of the Company.
 2. N.K.Bhargava & Co. }
Chartered Accountants } Statutory Auditors
 3. Directors of the Company.

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Explanatory statement for Item No. 3 of Notice

ITEM NO. 3 -- Remuneration of statutory and branch auditors for 2002-03.

According to clause 49 (D) (b) of Listing Agreement one of the functions of Audit Committee is "recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services. But, according to section 619 (2) of the Companies Act, 1956, the auditors (external) of Government company shall be appointed by the Comptroller & Auditor General of India. According to section 224 (8) (aa) of the Companies Act, 1956, the remuneration of the auditors of a Govt. company which includes any sums to be paid from the Company in respect of auditors' expenses shall be fixed by the Company in general meeting or in such manner as the Company in general meeting may determine. Therefore, in terms of the powers given to determine the remuneration in any manner at a general meeting, a resolution is being proposed to authorise the Board of Directors to fix, based on recommendation made by the Audit Committee, the remuneration including out of pocket expenses of statutory auditors and branch auditors to be appointed by the office of the Comptroller & Auditor General of India for audit of accounts of both domestic and foreign projects of the Company for the year 2002-03, as well as to fix the auditors' expenses for their visits to foreign projects for the purpose of audit.

None of the directors of the Company is in any way concerned or interested in this resolution.

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IRCON INTERNATIONAL LIMITED
(IRCON)

Palika Bhawan,
Sector-XIII,
R.K.Puram,
New Delhi - 110 066.

PROXY FORM

I, _____
being a member IRCON INTERNATIONAL LIMITED hereby appoint Mr.
_____ failing him _____
as my proxy to vote for me and on my behalf at the 26th Annual General
Meeting of the Company to be held on 20th August, 2002 or at any
adjournment or postponement thereof.

Signed this _____ day of _____ 2002

Signature _____

Name _____

Designation _____

Affix 30 Paise Revenue Stamp

Folio No. _____

No. of shares held _____

Note: The proxy must be returned duly completed so as to reach the
Registered Office of the Company not less than 48 hours before the
time for holding the aforesaid meeting.

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DIRECTORS' REPORT

Distinguished Shareholders,

The Directors of the Company have pleasure in presenting this 26th report of the Company covering the financial year 2001-02. A Management Discussion and Analysis Report is included which is a part of this Report. It provides an overview of the affairs of the Company, its business environment, strengths and strategies, future business prospects etc.

FINANCIAL PERFORMANCE

Salient landmarks of the year vis-à-vis the performance of last three years are given below:-

	1999-00	2000-01	Rs. in million 2001-02
Income/Turnover	5373	8111	9071
Profit before tax	605	1001	1272
Dividend	114	148	173
Net worth	4457	4950	6062
Number of employees	1785	1808*	1797

* marginal increase is due to increase in personnel on deputation from Ministry of Railways.

Turnover includes operating income of Rs. 8656 million as against Rs.7692 million in the previous year. Other incomes decreased from Rs. 418 million to Rs. 414 million in the current financial year.

During the year under consideration, railways and highways continued to be the main sources of earning. The operating income from railways has increased

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by 22% over last year's operating income as compared to 16% decline in income from highways and 31% increase in income from other operations.

(Rs. in million)						
	1999-00		2000-01		2001-02	
	Operating Income	%	Operating Income	%	Operating Income	%
Railways	1740	35	4627	60	5626	65
Highways	2080	41	2104	27	1768	20
Other operations	1213	24	961	13	1262	15
Total	5033		7692		8656	

This is in accordance with planned focus areas of the company.

There was also a perceptible movement in the business profile towards foreign projects. Foreign projects account for more than sixty per cent of the total turnover of the Company which is an increase of 45% over last year's foreign turnover. A comparative position for the last three years is given below.

(Rs. in million)						
	1999-00		2000-01		2001-02	
	Turnover	%	Turnover	%	Turnover	%
Foreign	1067	20	3923	48	5693	63
Domestic	4051	75	3976	49	3103	34
Unallocated	255	5	212	3	275	3
Total	5373		8111		9071	

Foreign exchange earnings

The total foreign exchange earnings and outgo during the year were Rs. 5902 million and Rs. 3062 million respectively resulting in net foreign exchange earnings of Rs. 2840 million as compared to net foreign exchange earnings of Rs. 1539 million in the previous year.

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Dividend

In consideration of record profits of the Company, the Board of Directors have recommended a dividend of 350% of the paid up share capital for your consideration as against 300% last year. For this purpose a provision of Rs. 173.22 million has been made in the Accounts of the Company. If approved, the cumulative dividend paid up to 2001-02 will stand at Rs. 776.33 million approximately.

Reserves

To obtain tax benefits under the Income-tax Act, 1961, in respect of profits from projects outside India not covered under double taxation avoidance agreements, it is proposed to transfer Rs. 27.00 million from Profit and Loss Account to Foreign Projects Reserve and write back Rs. 871.00 million reducing the balance under Foreign Projects Reserve from Rs. 1509.75 million in the previous year to Rs. 665.75 million in the current year. Similarly, to obtain tax benefits under section 80 HHBA of the Income-tax Act on the profits and gains derived from the World Bank aided projects of the Company, which is available from assessment year 2002-03, a Housing Projects Reserve has been created to which an amount of Rs. 17 million is proposed to be transferred from profit and loss account.

As per section 115-O read with section 10(33) of the Income-tax Act, 1961, inserted by the Finance Act of 2002, tax on dividend is now the liability of the recipient and any dividend distributed or paid by a company by way of dividends after 31st March 2002 shall not be charged to tax in the hands of the Company. Hence unlike last year, no provision has been made for payment of tax on dividend. After payment of dividend and transfer to Foreign Projects Reserve and Housing Projects Reserve, an amount of Rs. 1690.75 million is proposed to be transferred to general reserves from the profits of the Company, thereby increasing the Reserves and Surplus from Rs. 4900.29 million in the previous year to Rs. 6012.03 million in the current year. With this the Net worth of the Company will stand at Rs. 6061.52 million as against Rs. 4949.78 million last year.

Some of the changes after the financial year 2001-02 which have financial implications have been disclosed in Notes 6 and 15 of Notes forming part of the Accounts given in Schedule 'U' of the Annual Accounts and in a footnote to Schedule 'C'. A material change, dealing with part recovery of cost incurred in Delhi-Mumbai OFC project which has been abandoned, is given below:-

The Company had invested around rupees one hundred sixty two million for laying telecom facilities on Ahmedabad-Vadodara route by creating an infrastructure division within IRCON as a pilot project. This was done on the basis of a contractual agreement and award of a "right-of-way" to IRCON by Indian Railways for laying optical fibre along the railway track on Delhi-Mumbai and Ahmedabad-Gandhinagar sections of Western Railway. Later on, due to