

Annual Report 2012  
Ramky Infrastructure Limited

What the world needs,  
we engineer...



Towards sustainable growth

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# Corporate Information

## BOARD OF DIRECTORS

Mr. A. Ayodhya Rami Reddy, *Executive Chairman*

Mr. Y. R. Nagaraja, *Managing Director*

Mr. Rajiv Maliwal, *Non-Executive Director*

Dr. Archana Niranjana Hingorani, *Non-Executive Director*

Mr. Kamlesh Shivji Vikamsey, *Non-Executive Independent Director*

Mr. V. Harish Kumar, *Non-Executive Independent Director*

Mr. V. Murahari Reddy, *Non-Executive Independent Director*

Dr A. G. Ravindranath Reddy, *Non-Executive Independent Director*

## JOINT STATUTORY AUDITORS

M/s. Visweswara  
Rao & Associates  
Chartered Accountants  
"SRI" Plot No.512A1,  
Road No.31 Jubilee Hills,  
Hyderabad – 500 033

## JOINT STATUTORY AUDITORS

M/s. B S R & Co.  
Chartered Accountants  
Reliance Humsafar, IV Floor,  
Banjara Hills,  
Road no.11, Hyderabad – 500 034

## INTERNAL AUDITORS

M/s. K.P. Rao & Associates  
Chartered Accountants  
7-1-59/4&8,Ameerpet,  
Hyderabad – 500 016

## REGISTERED OFFICE

6-3-1089/G/10&11,  
1<sup>st</sup> Floor, Gulmohar Avenue  
Rajbhavan Road, Somajiguda  
Hyderabad – 500 082,  
Andhra Pradesh.  
Phone: 040-23310091  
Fax : 040-23302353

## REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private  
Limited  
Plot no. 17-24, Vithalrao Nagar,  
Madhapur, Hyderabad 500 081,  
Andhra Pradesh, India.  
Telephone: 040 44655000

## CHIEF FINANCIAL OFFICER

Mr. R.S.Garg

## COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. V.Phani Bhushan

## BANKERS

State Bank of India  
ICICI Bank Limited  
Axis Bank Limited  
Punjab National Bank

IDBI Bank Limited  
State Bank of Hyderabad  
ING Vysya Bank Limited.  
Yes Bank Limited

Standard Chartered Bank  
IndusInd Bank Limited



# Glimpses of few Projects



Ramky Towers, Hyderabad, A.P.



Regulator Cum Bridge, Chamravattam, Kerala



85 MLD STP, Kamothe, Maharashtra



220/33KV Vajrakarur Substation, Anantapur, A.P.



Water Supply Project, Darjeeling, West Bengal



Bela-Govindgarh-Churhat (SH-52), Madhya Pradesh



Ramky Pharma City, Visakhapatnam, A.P.



Aranya Bhavan, Hyderabad, A.P.



Srinagar - Banihal Road (NH-1A), Jammu & Kashmir



Outer Ring Road, Hyderabad, A.P.



C S R Activities - Ramky Foundation

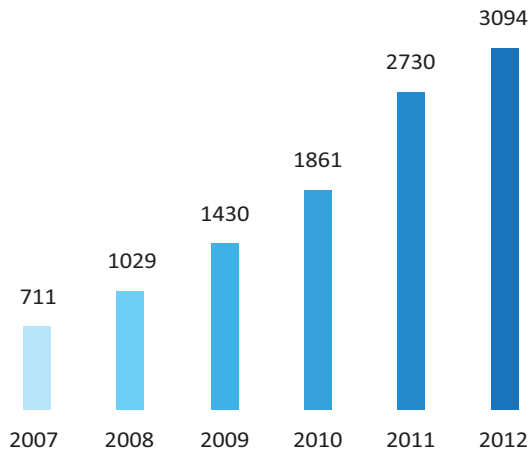


Water Distribution Project, Bhanasimal, Gujarat

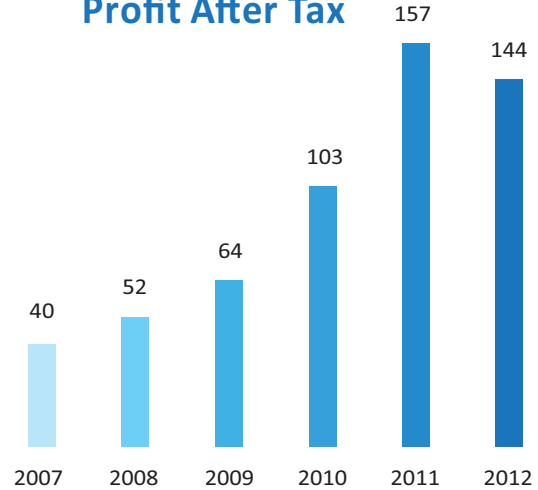
# Financial Highlights on Standalone Basis

₹ in Crores

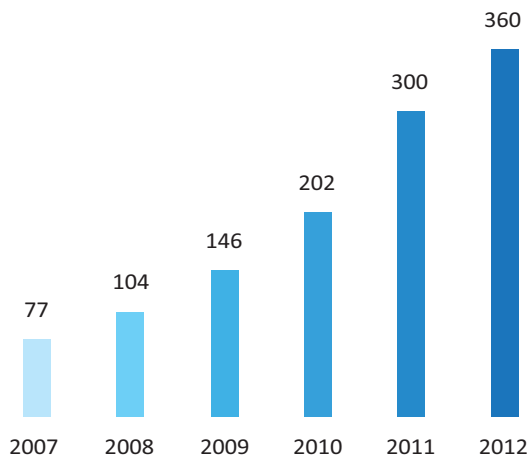
## Revenue



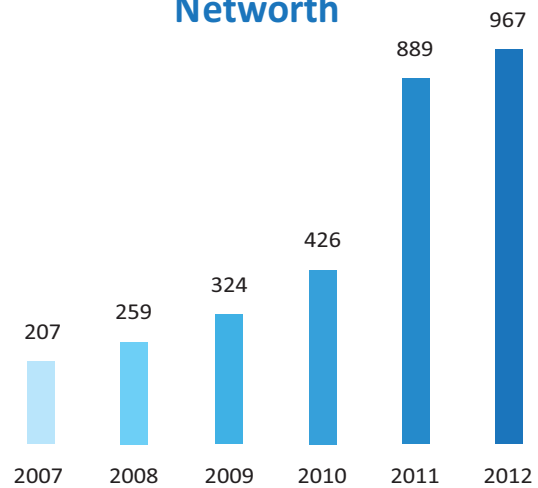
## Profit After Tax



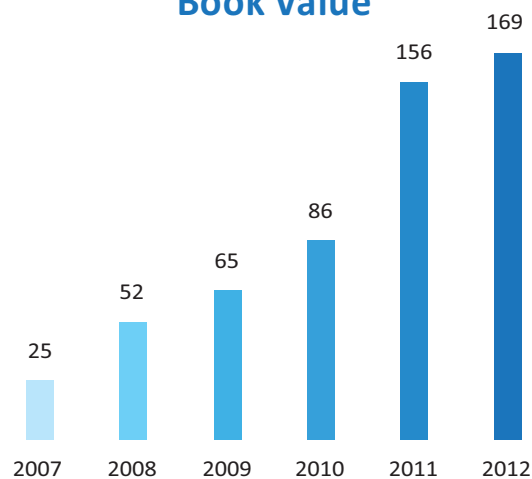
## EBITDA



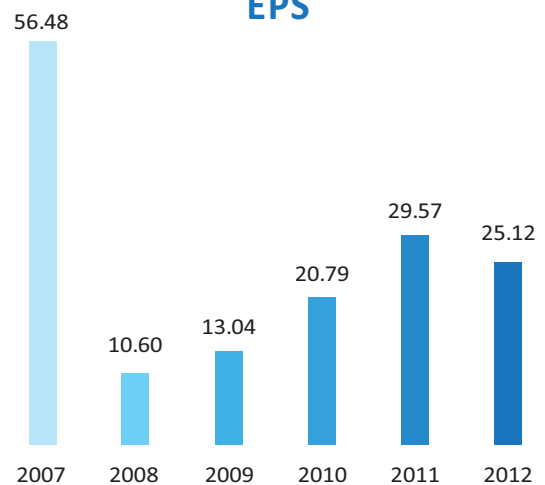
## Networth



## Book Value



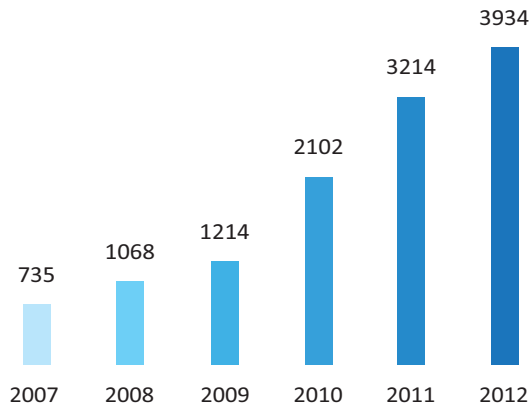
## EPS



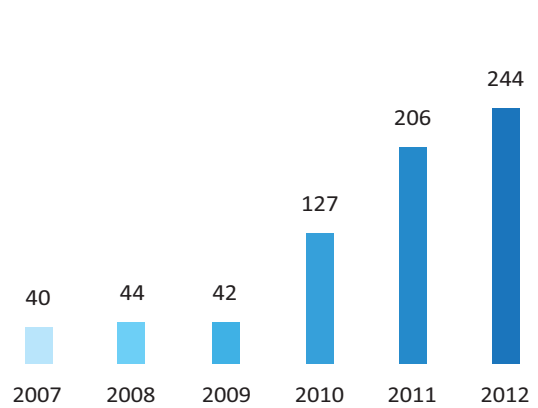
# Financial Highlights on Consolidated Basis

₹ in Crores

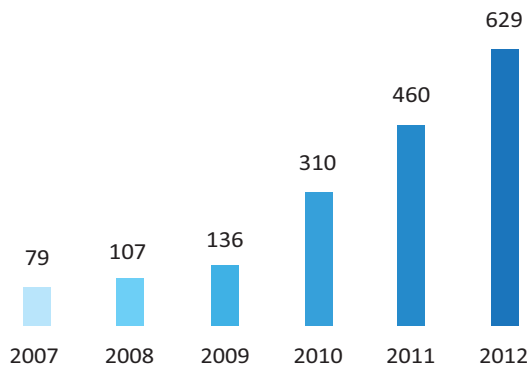
## Revenue



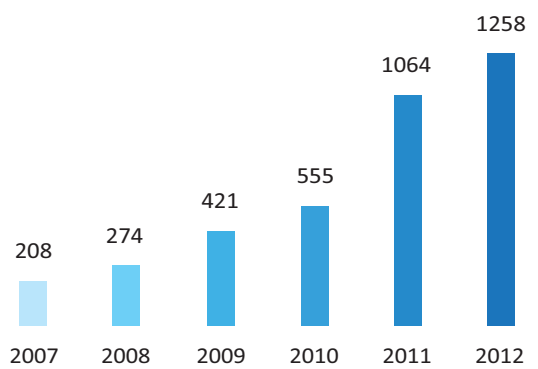
## Profit After Tax



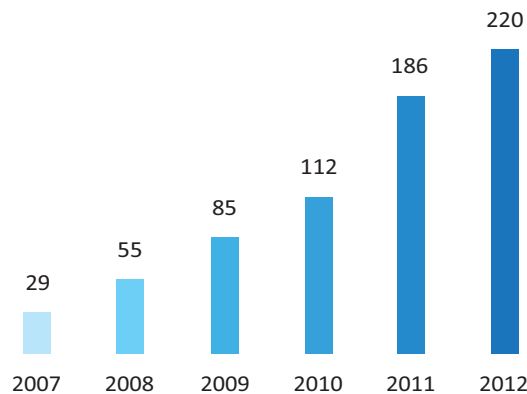
## EBITDA



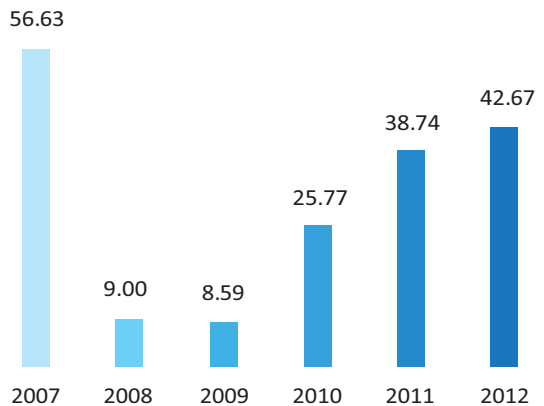
## Networth



## Book Value



## EPS



# Our Journey towards

## Philosophy

### Vision

Ramky Infra shall be a Leading global enterprise in World-Class infrastructure development and environment management through sustainable growth.

### Mission

We shall ensure quality, reliability and continuous technology upgradation thereby enhancing the value of all our stakeholders.

### Values

Ramky Infra in achieving its vision shall promote high standards of :

- Integrity
- Customer Satisfaction
- Work Culture
- Employee Sense of Belonging
- Innovation
- Safety, Health and Environment
- Social Commitment

## Operation Future Bright

To facilitate the growth plans and to make Ramky Infra as a destination for employment as well as career growth, we have embarked on a journey aptly titled "Operation Future Bright". In this endeavour, your company is implementing SAP and HRMIS to achieve competitive edge by enabling Information Technology and reaffirming Good Practices.

## Core Competencies

### Visionary Leadership

The Company has a Strong Management team with rich engineering experience. It is headed by Mr. A. Ayodhya Rami Reddy, Executive Chairman, Mr. Y.R. Nagaraja, Managing Director and other Key managerial personnel who have well established professional and Leadership Capabilities.

### Techno Driven

The Company has strong inclination towards adoption of advanced technology where ever it is possible/ necessitated.

### Execution Efficiency

Well managed 5Ms i.e Manpower, Material, Machine, Method and Money whereby poised to achieve economies of scale and process for timely execution.

### Sectorally Diversified

The company has spread across "Water and Waste Water, Roads & Bridges, Buildings, Irrigation , Industrial Construction and Power Transmission and Distribution" making its sectorally diversified.

### Multinational Presence

The Company has strong pan India presence paving for high potential and providing Location advantage to execute project effectively.

It has also, international presence in UAE, West Africa and Peru which makes your company a Global Player.



# sustainable growth ....

## Quality Policy

Your company is committed to comply with the requirements of Quality Management System and continually improve its effectiveness by setting objectives & targets periodically.

In this endeavour, Ramky infra shall strive for "Providing the best quality in delivering Infrastructure & Construction products and services in time, preserving environment, fulfilling all contractual requirements to the best satisfaction of its privileged customers by using optimal resources under safe working conditions and to enhance the value for all its stakeholders".

## Management Systems

Your company has adopted the Integrated Management Systems (IMS) approach into its business practices to inculcate a culture of continual improvement that shall enhance quality of the projects, maintain better standards for environment protection and safety of the project team & work force to maximize customer satisfaction.

Creating, developing & establishing better-in class processes and systems across the sites have fundamentally ensured the company's competitive strength. Quality circles are formed in key projects for the value engineering, innovation etc. Your company has extensively proved the performance in the projects keeping the safety on priority every time. To create awareness among the people, Ramky pompously celebrates National Safety Day (4th of March) and Safety Week Campaign (2nd week of April) every year in conjunction with "Ramky Infra" incorporation day.

The company's management systems are accredited to ISO 9001-2008 for Quality, ISO 14001-2004 for Environment and OHSAS 18001:2007 for Occupational Health and Safety.

## HSE Policy

Your company is committed to comply with the requirements of Health, Safety & Environment (HSE) Management System and continually improve its effectiveness by providing the appropriate processes, resources, principles, training and work culture.

In this endeavor, Ramky Infra shall strive to be "Conscious of its responsibility towards creating, conserving and ascertaining a clean environment for sustainable development and protect the health & safety of all its associated workforce, ensuring thereby a safe healthy and accident free work place".

## Few Valued Clientele

- National Highways Authority of India
- Bihar State Road Development Corporation Ltd.
- Government of Andhra Pradesh, Public Health & Municipal Engineering Department.
- Madhya Pradesh Road Development Corporation Limited
- Power Grid Corporation of India Ltd.
- Delhi State Industrial and Infrastructure Development Corporation Ltd.
- Haryana State Industrial & Infrastructure Development Corporation
- NTPC Limited
- Hindalco Industries Limited
- Karnataka Urban Water Supply & Drainage Board
- Government of Andhra Pradesh, Irrigation & CAD Department
- M.P. Poorva Kshetra Vidyut Vitaran Co. Ltd.
- Maharashtra State Electricity Dist.Co. Ltd.
- National Projects Construction Corporation Limited
- Karnataka Power Transmission Corporation Limited
- Uttar Pradesh Jal Nigam
- Navi Mumbai Municipal Corporation
- Hyderabad Metropolitan Water Supply and Sewerage Board



# Awards



CNBC Infrastructure Excellence Award, 2012



Category of Award

Infrastructure Company of the Year

Category of Award

- "Public Private Partnership (Ramky Pharma City, Vizag)
- Urban Infrastructure Development (80 MLD STP Airoli, Mumbai)



D&B Axis Bank Infra Awards 2011



9<sup>th</sup> Construction World Annual Award 2011



Category of Award

Third fastest growing Construction Company (Large Category)



CIDC Vishwakarma Awards 2012

### Category of Award

- Social Upliftment (Ramky Foundation)
- Industry Doyen (Alla Ayodhya Rami Reddy, Chairman)
- Achievement Award for the Best Project (Outer Ring Road, Hyderabad)

### Category of Award

- Contractor of the year
- Sustainable Project of the year (80 MLD STP Airoli, Mumbai)
- C S R Award (Ramky Foundation)



Construction Week Awards 2011



EPC World Awards, 2011

### Category of Award

- Infra Person of the year - Alla Ayodhya Rami Reddy, Chairman



## Chairman's Message

Dear Shareholder,

The Global economic environment remained challenging during the year. High Interest rates, rising inflation, depreciation of Indian currency, coupled with global macroeconomic uncertainties resulted in FY 2012 estimated GDP growth to 6.5% as compared to 8.4% in the previous year. Investment in Infrastructure has slowed down with a rapid decrease in fresh projects. The Investment growth scenario is expected to continue to be under pressure.

Even under these tough times and the pressures in the economy, Ramky Infrastructure Limited (Ramky Infra) demonstrated resilience with consolidated revenue of ₹ 3,934 crores with a growth of 22.40% compared to the last fiscal and Consolidated Net profit of ₹ 244 crores with a growth of 18.43% compared to last fiscal.

The company defines itself by being far sighted, customer focused, leaner and agile to convert opportunities into business. Evolved from a consultant to an EPC player and finally infrastructure developer, Ramky continues to build on core competencies thus reducing risk of dependence on any one sector or project and helps in participating in projects across the country.

We have strengthened across all parameters and are focussed in managing costs and prudent use of capital. Our Credit ratings are comfortable and place us in a decent position for laying foundation to continual growth. We have been and continue to remain focussed on creating long term share holders value.

We will stay focussed and selective to achieve increasing returns. Vigorous efforts are on going to procure high value contracts in complex and niche projects. Our efforts will continue towards ensuring that conversions ratios from bid to order will be maintained.

We are stepping up our foray into countries where opportunities are being opened up and where the competitive pressures are as yet low. We will strive for excellence and leadership in every part of our operations with an edge to grow exponentially with collaborations that transcend geographical and cultural boundaries. As part of its blueprint to become multinational, we would gradually increase our geographical presence globally.

The company has forayed into West Africa, Gabon through its subsidiary, constructing various facilities for Gabon SEZ and has plans for expansion in Gabon and other parts of West Africa.

The order book as of March 31, 2012 stood at ₹ 13,702 crores compared to ₹ 10,998 crores in 2011. Of this, roads, highways & bridge projects occupy the major share at 43.7% followed by 16.3% in building projects, water & wastewater projects at 16.0%, irrigation projects at 11.8%, industrial projects at 7.5% and power transmission & distribution projects at 4.7%.

Besides, the company has around ₹ 1,057 crores worth of projects in pipeline (where we are declared as L1) and around ₹ 14,682 crores worth of unopened tenders as on June 30, 2012

At Ramky, prudent and conscious efforts are made to procure high value contracts in complex and niche projects and sustain the bid-to-order conversion ratios. "We are constructing high quality national infrastructure for transportation and is one of the prime focus areas of Ramky infra operations".

Ramky Infra committed contribution to the Infrastructure Development has been acknowledged by the receipt of various categories of the following awards.

CNBC Infrastructure Excellence Award 2012  
CIDC Vishwakarama Awards 2012  
Construction Week Awards 2011  
D & B Axis Bank Infra Awards 2011  
9<sup>th</sup> Construction World Annual Awards 2011  
EPC World Awards 2011  
12<sup>th</sup> Annual Greentech Environment Excellence Award 2011

Ramky Infra is ISO 9001:2008, ISO 14001:2007 & OHSAS 18001 certified for quality management systems, environmental management systems and occupational health and safety management systems respectively which the company applies to the design, development, engineering, procurement and construction of projects.

Ramky Infra strives to uphold its commitment to do business with excellence. Since 1994, Ramky Infra has maintained a strong tradition of returning wealth to society by contributing to various social causes. The company has established special CSR wing, Ramky Foundation, for addressing the social needs. "We emphasize on four thrust areas- natural resource management, women empowerment, education and health. In FY 2011-12, we have taken up 159 programs in these four thrust areas covering 23273 beneficiaries,"

We reiterate our commitment to enhance value in the hands of our stake holders. We are thankful for your continued confidence and support for the company's growth and look forward to a bright future for your company.

Our passion gets recharged to explore new horizons and achieve growth year after year with the trust placed in us by you, the share holders of the company. I thank the Board of Directors for their support and guidance for the growth of our business year after year.

With warm regards  
**Alla Ayodhya Rami Reddy**  
Executive Chairman

# Expanding International Presence .....



Development of Special Economic Zone, Gabon, West Africa

# Notice

## NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of M/s. Ramky Infrastructure Limited will be held on **Tuesday, the August 14, 2012 at K.L.N. Prasad Auditorium, 3rd Floor, Federation House, FAPCCI Marg, 11-6-841, Red Hills, Hyderabad - 500 004 at 03.00 p.m.** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2012 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors there on.
2. To appoint a director in place of Dr. Archana Niranjan Hingorani, who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint a director in place of Mr. V. Murahari Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Statutory Auditors and fix their remuneration and for this purpose to consider and if thought fit to pass with or without modification, the following resolution as an **ordinary resolution**:

RESOLVED THAT M/s Visweswara Rao & Associates, Chartered Accountants, Hyderabad (Registration No 005774S) be and are hereby appointed as Statutory Auditors of the company to hold office until the conclusion of the next Annual General Meeting of the company at a remuneration and its manner of payment to be fixed by the Board of Directors/Committee thereof.

5. To appoint Joint Statutory Auditors and fix their remuneration and for this purpose to consider and if thought fit to pass with or without modification, the following resolution as an **ordinary resolution**:

RESOLVED THAT M/s B S R & Co, Chartered Accountants, Hyderabad (Registration No 101248W) be and are hereby appointed as Joint Statutory Auditors of the company to hold office until the conclusion of the next Annual General Meeting of the company at a remuneration and its manner of payment to be fixed by the Board of Directors/Committee thereof.

### SPECIAL BUSINESS:

6. To appoint Dr. A.G. Ravindranath Reddy as Director of the company and for this purpose to consider and if thought fit to pass with or without modification the following resolution as an **ordinary resolution**:

RESOLVED THAT pursuant to the provisions of Section 257 of the Companies Act, 1956 and other applicable provisions if any, Dr. A.G. Ravindranath Reddy be and is hereby appointed as a Director of the Company, whose period of office shall be liable to retire by rotation.

"FURTHER RESOLVED THAT Mr. Y.R. Nagaraja be and is here by authorised to do all such acts and deeds to give effect to above resolution."

7. To Re-appoint and revise the remuneration of Mr.Y.R.Nagaraja, Managing Director of the Company and for this purpose to consider and, if thought fit to pass, with or without modification the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is here by accorded for re- appointment of Mr. Y.R.Nagaraja as Managing Director of the company for further period of 5 years w.e.f 01/04/2012.

"FURTHER RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, having considered the entire aspects and subject to the requisite approvals and pursuant to the approval of the Remuneration Committee, approval of the company be and is here by accorded for payment of remuneration to Mr. Y. R. Nagaraja, Managing Director by way of Salary, Dearness allowance, Perquisites, Commission and other allowances up to a maximum amount equivalent to 5% of the net profits of the Company for the remaining period of his tenure i.e. up to March 31, 2017.

"FURTHER RESOLVED THAT Mr. Y. R. Nagaraja, Managing Director be paid the above remuneration subject to a limit of ₹ 1.50 Crores per annum towards Salary, Dearness Allowance and other allowances for the Financial Year 2012-13 which shall be reviewed from time to time by the Remuneration Committee and shall remain the same until changed for the remaining period of his tenure."

"FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any year during his tenure, Mr. Y. R. Nagaraja, Managing Director shall be paid a minimum remuneration for a period of 3 years as provided in Schedule XIII of the Companies Act, 1956, as in force in each year and such remuneration shall be paid monthly or quarterly or half yearly or otherwise as may be agreed to between the Managing Director and the Remuneration Committee of the company"

//By Order of the Board//  
For Ramky Infrastructure Limited

Hyderabad  
May 29, 2012

**Y.R. Nagaraja**  
Managing Director

## Notes:

1. An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of items 6 to 7 of the Notice is attached. The statement of the particulars of Directors seeking Appointment/ Re-appointment as required under clause 49 of the Listing Agreement is enclosed as **Annexure A**.
2. **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** Proxies, in order to be valid and effective, must be deposited at the Registered office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from August 10, 2012 to August 14, 2012 (both days inclusive).
4. Members are requested to bring the Admission Slip duly filled in and hand over the same at the entrance to the venue of the Meeting.
5. Members who hold shares in dematerialised form are requested to bring their depository account Number (Client Id and DPIID No) for easier identification and recording of the attendance at the meeting.
6. Members/Proxies are requested to bring their copies of Annual Report to the meeting. As a austerity measure, copies of Annual Report will not be distributed at the meeting.
7. Members desirous of seeking any information on the accounts or operations of the Company are requested to write to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
8. Members holding shares in physical form can avail the nomination facility by filing the Form 2B (in duplicate) as prescribed under the Companies Act, 1956 with the Registrar & Share Transfer Agent and in case of shares held in demat form, the nomination has to be lodged with their respective Depository Participants (DPs).
9. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar & Share Transfer Agent, M/s Karvy Computershare Private Limited. Members holding shares in electronic form must send the advice about the change of address to their respective Depository Participants (DPs) and not to the Company. Non-resident Indian shareholders are requested to inform us immediately the change in the residential status on return to India for permanent settlement.
10. Members holding shares under multiple folios are requested to consolidate their holdings, if the shares are held in the same name or in the same order of names.
11. The equity shares of the Company have been notified for compulsory trading in demat form. The Company has signed a tripartite agreement with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and M/s. Karvy Computershare Private Limited to facilitate dematerialisation of shares. Members are requested to avail of this facility and have their shareholding converted into dematerialised form.
12. All Documents referred to in the accompanying notice and the Explanatory Statement are open for inspection at the registered office of the company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
13. The Register of Director share holding shall be open for inspection during the period beginning 14 days before the Annual General Meeting and ending 3 days after its conclusion.
14. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of dematerialised holdings with their respective Depository Participants. Members who hold shares in physical form are requested to forward the required details (email id ) to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

### Item 6:

The Board of Directors have appointed Dr. A.G. Ravindranath Reddy as an Additional Director of the Company w.e.f May 29, 2012. As per the provisions of Section 260 of the Companies Act, 1956 read with Article 36 of the Articles of Association of the company Dr. A.G. Ravindranath Reddy holds office up to the date of this Annual General Meeting, and is eligible for appointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956 proposing his appointment as Director of the Company.

Dr. A.G. Ravindranath Reddy is a Corporate Consultant and is a Qualified Fellow Company Secretary from the Institute of Company Secretaries of India (ICSI), Post Graduate in Commerce from Sri Venkateswara University and a Graduate in Law from Sri Krishnadevaraya University. He has done his Ph.D on the topic "Role of Shareholders in Corporate Governance", from Sri Krishnadevaraya University. He was a Member on the Secretarial Standard Board of ICSI and also served as Secretary of the ICSI Chapter. He practiced as an Advocate in Criminal Courts and Worked in Senior Management Levels in various Companies and was a Practicing Company Secretary in advising various companies for over 15 years. He handled many public issues as an Advisor and coordinated Merger & Amalgamation proceedings for more than 15 corporates.

Keeping in view, the experience and expertise of Dr. A.G. Ravindranath Reddy, the Board considers it desirable to get benefitted from his valuable experience and advice. Accordingly commends the resolution for approval of the Members. None of the Directors of the Company is concerned or interested in the resolution.

In compliance of Clause 49 of the Listing Agreement, the particulars of Dr. A.G. Ravindranath Reddy seeking appointment are provided at Annexure A.

### Item 7:

The Board of Directors of the Company at their meeting held on February 14, 2012 and subject to the approval of the members has re-appointed Mr. Y.R. Nagaraja as Managing Director for a further period of 5 Years from April 01, 2012 to March 31, 2017 on the same terms.

Your company has achieved a significant all-round growth under the leadership of Mr. Y. R. Nagaraja, Managing Director. It was felt appropriate to revise the current remuneration of Mr. Y. R. Nagaraja, Managing Director to commensurate with the operations and

performance of the Company. The remuneration Committee of the Board at its meeting held on May 29, 2012 has reviewed and recommended a overall remuneration by way of Salary, Dearness Allowance, Perquisites, Commission and other allowances up to a maximum amount equivalent to 5% of the net profits of the company for the remaining period of his tenure i.e. up to March 31, 2017.

### It also recommended

- i. subject to a limit of ₹ 1.50 Crores per annum towards Salary, Dearness Allowance, Perquisites, and other allowances for the Financial Year 2012-13 and the same shall be reviewed and revised by the Board of Directors or any committee of the Board on yearly basis subject to the overall limit of 5% of the Net Profits of the Company and shall continue until changed for remaining period of his tenure;
- ii. in the event of absence or inadequacy of profits in any year during his tenure, Mr. Y. R. Nagaraja, Managing Director shall be paid a minimum remuneration for a period of 3 years as provided in Schedule XIII of the Companies Act, 1956 as in force in relevant year and such remuneration shall be paid monthly or quarterly or half yearly or otherwise as may be agreed to between Mr. Y. R. Nagaraja, Managing Director and the Board of Directors or any committee of the Board.

The Remuneration Committee has proposed the revision of remuneration as mentioned above for the approval of the members in accordance with the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956.

This may be treated as an abstract of the terms and conditions of the Re-appointment, revision in remuneration to Mr. Y. R. Nagaraja, Managing Director in terms of Section 302 of the Companies Act, 1956.

In compliance of Clause 49 of the Listing Agreement, the particulars of Mr. Y.R. Nagaraja seeking re-appointment are provided at Annexure A. None of the directors is interested in the above resolution except Mr. Y. R. Nagaraja. Your Directors commend the resolution for your approval.

//By Order of the Board//  
For Ramky Infrastructure Limited

Hyderabad  
May 29, 2012

**Y.R. Nagaraja**  
Managing Director

## Annexure A

Details of the Directors seeking Appointment/Re-appointment at the forthcoming Annual General Meeting (pursuant to clause 49 of the Listing Agreement)

Name of Director	Dr. Archana Niranjan Hingorani	Mr. V. Murahari Reddy	Dr. A.G. Ravindranath Reddy	Mr. Y.R. Nagaraja
Date of Birth	September 09, 1965	July 01, 1943	June 18, 1957	November 20, 1962
Date of Appointment	December 22, 2006	October 26, 2007	29 May 2012	April 15, 1994
Expertise in specific functional areas	She has over 26 years of experience in financial services, teaching and research, with a focus on private equity, project finance and financial restructuring and a specialization in infrastructure, manufacturing and more recently in real estate projects.	He has worked in various positions in Roads & Buildings Department, Government of Andhra Pradesh and retired as engineer-in-chief (R&B). He has also worked as Commissioner, Commissionerate of Tenders Govt. of A.P. He was the Managing Director of the Andhra Pradesh Road Development Corporation. He is acting as consultant to various State Governments and the World Bank in relation to development projects. He is working as an arbitrator to settle disputes involving the NHAI/ State Governments and various Contracting agencies. He is presently a visiting faculty at various institutes viz. National Institute for Training of Highway Engineers, Administrative Staff College of India and some of the State PWDs.	Practiced as an Advocate for 2 years in Criminal Courts and Worked in Senior Management Levels in various Companies for 6 years. Associated as Practicing Company Secretary in advising various companies for over 15 years. Corporate Consultant on various Economic Laws. Handled many public issues as Advisor under SEBI guide lines Coordinated entire Merger & Amalgamation proceedings for more than 15 corporates.	He has over 30 years of experience in Civil, Industrial and Environmental Infrastructure and has worked with the Public Works Department, Karnataka, Mandalal Steels Limited and Navega Engineers Private Limited. He has to his credit the successful implementation of a number of civil and environmental infrastructure projects.
Qualification	<ul style="list-style-type: none"> <li>Masters degree in Business Administration and a Ph.D. in Corporate Finance from the University of Pittsburgh, USA.</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Civil Engineering (Honours) from S.V. University Tirupati.</li> </ul>	<ul style="list-style-type: none"> <li>Fellow Company Secretary from the Institute of Company Secretaries of India, and is a Post Graduate in Commerce From Sri Venkateswara University and a Graduate in Law from Sri Krishnadevaraya University.</li> </ul>	<ul style="list-style-type: none"> <li>Bachelor's degree in Civil Engineering from Karnataka University</li> </ul>

(Contd.)

**Annexure A (Contd.)**

Name of Director	Dr. Archana Niranjan Hingorani	Mr. V. Murahari Reddy	Dr. A.G. Ravindranath Reddy	Mr. Y.R. Nagaraja
List of other companies in which directorship is held as on March 31, 2012	<ul style="list-style-type: none"> <li>● IL &amp; FS Urban Infrastructure Managers Limited</li> <li>● IL &amp; FS Trust Company Limited</li> <li>● IL &amp; FS Investment Managers Limited</li> <li>● IL &amp; FS Portfolio Management Services Limited</li> <li>● QVS Realty Co. Private Limited</li> <li>● PAN India Motors Private Limited</li> <li>● Ramky Enviro Engineers Limited</li> <li>● IIML Asset Advisors Private Limited</li> <li>● IL &amp; FS Energy Development Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>● IVRCL Assets &amp; Holdings Ltd</li> <li>● IVRCL Ltd</li> </ul>	<ul style="list-style-type: none"> <li>● Karan Woo-Sin Limited</li> <li>● AGR Corporate Consultants LLP</li> <li>● Vijayanagar Sugar Pvt Ltd</li> <li>● E to E Holdings India Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>● Ramky Finance &amp; Investment Pvt Ltd</li> <li>● Gwalior Bypass Project Ltd</li> <li>● Ramky Elsamex Hyderabad Ring Road Ltd</li> <li>● Ramky Enclave Ltd</li> <li>● MDDA Ramky IS Bus Terminal Ltd</li> <li>● Ramky Integrated Township Ltd</li> <li>● Ramky MIDC Agro Processing Park Ltd</li> <li>● N.A.M.Expressway Ltd</li> <li>● Jorabat Shillong Expressway Ltd</li> <li>● Srinagar Banihal Expressway Ltd</li> <li>● Ramky Towers Ltd</li> <li>● Ramky Food Park (Karnataka) Ltd</li> <li>● Hospet Chitradurga Tollways Ltd</li> </ul>
Chairman/member of the committees of the Board of the companies in which he/she is a director as on March 31, 2012	<ul style="list-style-type: none"> <li>● IL &amp; FS Portfolio Management Services Limited</li> <li>● IIML Asset Advisors Private Limited</li> </ul>	<ul style="list-style-type: none"> <li>● IVRCL Assets and Holdings Ltd</li> </ul>	<ul style="list-style-type: none"> <li>● Nil</li> </ul>	<ul style="list-style-type: none"> <li>● MDDA-Ramky IS BUS Terminal Ltd</li> <li>● Gwalior Bypass Project Ltd</li> <li>● N.A.M.Expressway Ltd</li> <li>● Jorabat Shillong Expressway Ltd</li> <li>● Ramky Elsamex Hyderabad Ring Road Ltd</li> <li>● Srinagar Banihal Expressway Ltd</li> <li>● Ramky Enclave Ltd</li> </ul>
Equity shares held in the Company	210	Nil	Nil	1674480
Relationship between Directors <i>inter-se</i>	Nil	Nil	Nil	Nil

# Directors' Report

Dear Members,

Your Directors have pleasure in presenting their 18<sup>th</sup> Annual Report on the business and operations of your company for the financial year ended March 31, 2012.

## FINANCIAL RESULTS

The standalone financial performance of the Company for the financial year ended March 31, 2012 is summarized below:

(₹ in Crores)

Particulars	2011-12	2010-11
Gross Turnover	3094.25	2730.52
Other Income	37.50	13.95
Total Income	3131.75	2744.47
Total Expenditure	2918.35	2532.30
Profit before Interest, Depreciation & Tax	360.20	300.33
Profit before taxes	213.40	212.17
Tax Expense	69.72	54.81
Profit after Tax	143.68	157.36
Balance brought forward from previous year	403.67	296.23
Profit available for appropriation	547.35	453.59
Provision for tax on earlier years and excess dividend tax written back	65.57	-
Balance carried to Balance Sheet	481.78	403.67

## REVIEW OF PERFORMANCE

Your Company had a robust year with the execution of several infrastructural projects while experiencing a good order inflow. The overall performance has been commensurate with the expectations set for the year under review.

Members will notice that the revenues climbed by 13.32 % to ₹ 3,094.25 Crores from ₹ 2,730.52 Crores, while the net profit before tax increased to ₹ 213.40 Crores, a growth of 0.58% from ₹ 212.17 Crores achieved in the previous year.

The profit after tax for the year under review was ₹ 143.68 Crores, a decrease of 8.69% from ₹ 157.36 Crores reported in the previous year. The earnings per share was ₹ 25.12 as compared to ₹ 29.57 in 2010-11.

During the year under review, your Company was awarded projects totalling to ₹ 5,888 Crores across all verticals, with the result, the order book at year end stood at a healthy ₹ 13,703 Crores. The significant increase of 25 % over the previous year end order book balance of ₹ 10,998 Crores is a testimony to the strength of your company's brand, technical competence and execution capabilities.

## OUTLOOK

Ramky Infra is striving to secure high value contracts, so as to increase the focus and improve on the operating margins. The Company is also working towards generating revenues from Public-Private-Partnership segments and is consciously making efforts to win new projects with in-built clause for price escalation, to protect the margins and mitigate the impact of inflation.

The strong order book position coupled with thrust given by the government for infrastructure sector augurs well for Company, being one of the leading companies in infrastructure development. Also, the private and public sector unit projects shall equally quoted / bided to the government projects to maintain the equilibrium in the flow of funds.

Also, the Company is committed to undertake new responsibilities and challenges in terms of both nationally and internationally by virtue of its strengthened business model. We are poised enough of leveraging global opportunities, while adhering to our esteemed mission, vision and values.

The Company has identified new geographies globally and is focusing its energies to develop business. In addition, there are continuous efforts at improvising efficiencies and delivering excellence in project execution

## DIVIDEND

Although your Company has earned profits during the year, the Board of Directors have decided to plough back the profits into the Company. Therefore, your Directors have not recommended any dividend for the FY 2011-12.

## TRANSFER TO RESERVES

No Profits are intended to be transferred to reserves during the year

## SHARE CAPITAL

During the period under review there is no change in the Authorised and Paid up Capital of the Company. The utilisation of IPO proceeds as on March 31, 2012 is as under:

(₹ in Crores)

Particulars	Note	For the year ended/As at	
		March 31, 2011	March 31, 2012
Funds received through IPO/ opening unutilised	A	350.00	24.35
<b>Utilisation of funds</b>			
Investment in capital equipment		56.40	17.43
Working capital requirements		175.00	-
Repayment of term loans		25.00	-
General corporate purposes		54.84	0.20
IPO expenses		14.41	0.10
Total funds utilised	B	325.65	17.73
<b>Unutilised IPO money*</b>	C=(A-B)	24.35	6.62

\*Unutilised IPO funds as on March 31, 2012 and March 31, 2011 have been temporarily invested in short-term fixed deposits with a Scheduled Bank.

## DIRECTORS

The following are appointed as Additional Director of the Company during the year under report:

Sl.No	Name of the Director	Date of Appointment
1	Dr. A.G. Ravindranath Reddy	May 29, 2012

## Resignations

Sl.No	Name of the Director	Date of Resignation
1	Dr. P.G. Sastry	May 29, 2012

The Board placed on record its sincere appreciation for the services rendered by Dr. P.G. Sastry during his tenure as director of the Company.

## Proposed Appointments:

The following appointments to the Board are proposed:

- Approval of the shareholders is being sought for the appointment of Dr. Archana Niranjana Hingorani and Mr. V Murahari Reddy, Directors of the Company, who retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment in accordance with the provisions of the Companies Act, 1956 and pursuant to Articles of Association of the Company.

- Dr. A.G. Ravindranath Reddy was inducted as Additional Director on the Board during the year under report. As per the provisions of Section 260 of the Companies Act, 1956, he holds office only up to the date of the Annual General Meeting of the Company. Approval of the Shareholders is being sought for his appointment as Director liable to retire by rotation in the ensuing Annual General Meeting pursuant to the provisions of the Section 257 of the Companies Act, 1956.

## 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:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures ;
- The Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the financial year ended on that date;
- 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 assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts of the Company have been prepared on a 'going concern' basis.

## CORPORATE GOVERNANCE

In pursuance of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a separate Report on Corporate Governance along with a certificate from AGR Reddy & Co, Practising Company Secretaries regarding its compliance is annexed and forms part of this Report. Your Company will continue to adhere in letter and spirit to good Corporate Governance policies.

## MANAGEMENT DISCUSSION & ANALYSIS

A report on Management Discussion & Analysis forms part of this Annual Report.

## CONSOLIDATION OF ACCOUNTS

The standalone accounts of your Company broadly represents the EPC business plus the investment that have gone into the 18 Subsidiaries of the Company, and the consolidated business represents the consolidation of the EPC business and the integrated infrastructure developer business.

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-27 on Financial Reporting of Interests in Joint Ventures, your Directors have pleasure in attaching the Consolidated Financial Statements as part of the Annual Report.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Annual Report of the parent Company. Accordingly the Company has availed the exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary Companies.

A statement containing brief financial details of the subsidiaries for the financial year ended March 31, 2012 is annexed. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the subsidiaries will also be available for inspection, as above, at registered office of the respective subsidiary companies.

#### **AUDITORS**

The Auditors M/s. Visweswara Rao & Associates, Chartered Accountants, Hyderabad, who retire at the ensuing Annual General Meeting of the company, are eligible for reappointment as Statutory Auditors of the Company till the conclusion of next Annual General Meeting. The Company has received their offer in writing about their willingness for re-appointment as auditors of your Company along with a Certificate under Section 224 (1B) of the Companies Act, 1956.

The Joint Auditors M/s B S R & Co. Chartered Accountants, Hyderabad who retire at the ensuing Annual General Meeting of the company, are eligible for reappointment as Joint Statutory Auditors of the Company till the conclusion of next Annual General Meeting. The Company has received their offer in writing about their willingness for re-appointment as statutory auditors of the Company along with a Certificate under Section 224 (1B) of the Companies Act, 1956.

The Board of Directors and the Committee thereof recommend their respective re-appointments. Appropriate resolutions form part of the agenda of the Annual General Meeting.

#### **REPLIES TO AUDITORS REPORT**

With reference to observations made in Auditor's Report, the notes of account is self-explanatory and therefore do not call for any further comments.

The results for the year ended March 31, 2012 have been subjected to an audit by the Statutory Auditors of the Company. A qualified report has been issued by them thereon on account of taxes for earlier years being directly debited to the surplus in statement of profit and loss account balance under "Reserves and Surplus" rather than debiting these amounts to the statement of profit and loss account for the year ended March 31, 2012 as required by Accounting Standard-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" and the consequent impact on the earnings per share for the year ended March 31, 2012.

The Company has claimed deduction under Section 80-IA (4) of Income Tax Act, 1961 in its returns of income relating to assessment years 2003-04 to 2011-12. However, the Department contested the same on the grounds that the Company was not "developing" the infrastructure facility and disallowed the deduction for assessment years 2003-04 to 2009-10. The Company filed appeal against these orders with CIT (Appeals), of which the appeals with respect to assessment years 2003-2004 to 2008-2009 were dismissed. The Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) for these years, which is currently pending.

The Company is contending its case before the appropriate appellate authorities, however the Company notwithstanding the fact that its position in the matter is strong on merits has based on an internal assessment and various factors such as industry practice, legal counsel advice etc, has provided for the total deductions under the said section and for the assessment years 2003-04 to 2011-12. As this provision relates to taxes for earlier years the same has been directly debited to the surplus in statement of profit and loss account balance under "Reserves and Surplus" for the year ended March 31, 2012. Further we wish to state that the company has not claimed any deduction on account of the aforesaid Section in the current year

#### **COST AUDIT COMPLIANCE REPORT**

As per the Companies (Cost Accounting Records) Rules, 2011, every company which is engaged in Production, Processing, Manufacturing and Mining activities and the aggregate value of networth as on the last date of the immediately preceding financial year exceeds ₹ 5 Crores or aggregate value of Turnover during the immediately preceding financial year exceeds ₹ 25 Crores or whose securities are listed or in the process of Listing is required to submit a Compliance Report by a Cost Accountant to the Central Government .

The Company has obtained the said Compliance Report for FY 2011 - 12 from Mr. R Srinivasa Rao, Practicing Cost Accountant.

## PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public. As such, there was no principal or interest outstanding on the date of the Balance Sheet.

## STATUTORY INFORMATION

Particulars of employees who were in receipt of remuneration of ₹ 60,00,000/- or more per annum or ₹ 5,00,000/- or more per month are set out as Annexure to this Report. None of the Employees listed in the annexure is related to any director of the company.

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

Particulars regarding Conservation of Energy, Technology Absorption and Conservation of Energy, which is an ongoing process in the Company's construction activities, is not furnished as the relative rule is not applicable to your company.

There is no information to be furnished regarding Technology Absorption as your company has not undertaken any research and development activity in any manufacturing activity nor any specific technology is obtained from any external sources which needs to be absorbed or adapted.

Innovation is a culture in the Company to achieve cost efficiency in the construction activity so as to be more competitive in the prevailing environment.

Foreign Exchange Earnings : ₹ 30.79 Crores

Foreign Exchange outgo : ₹ 0.48 Crores

## CORPORATE SOCIAL RESPONSIBILITY:

You will be glad to note that your company has established a charitable trust "Ramky Foundation" as part of its Corporate Social Responsibility. It focuses on 4 thrust areas viz natural resource management, education, health and women empowerment. It seeks to bring corporate sector with an overall aim to create equitable, sustainable, and accessible developmental opportunities for the communities we serve.

## AWARDS AND REWARDS

The following are the awards conferred on the Company during the year:

- Construction Week Awards 2011, Editorial choice award: "Contractor of the Year". "Corporate Social Responsibility Award" and Jury Special Commendation: " Sustainable Project of the Year",

- 9<sup>th</sup> Construction World Award Annual Study (2011) for the Third fastest growing Construction Company (Large Category)
- 12<sup>th</sup> Annual Greentech Environment Excellence Award 2011 for 125 MLD STP Madurai Project under the category of Construction Sector,
- D&B Axis Infra Awards 2011 for the best projects under the categories of Urban Infrastructure (80 MLD STP Airoli, Mumbai) Development and Public Private Partnership award (Jawaharlal Nehru Pharma City, Vizag).
- EPC World Awards, 2011-Infra Person of the year- Alla Ayodhya Rami Reddy.
- CIDC Vishwakarma Awards 2012 in the categories of Social Upliftment (Ramky Foundation), Industry Doyen (Alla Ayodhya Rami Reddy, Chairman) and Achievement Award for Best Project (Outer Ring Road, Hyderabad).
- CNBC Infrastructure Excellence Award, 2012 in the Special Awards Category-"Infrastructure Company of the Year" presented by Essar steel.

## INDUSTRIAL RELATIONS

The company enjoyed cordial relations with its employees during the year under review and the Board appreciates the employees across the cadres for their dedicated service to the Company, and looks forward to their continued support and higher level of productivity for achieving the targets set for the future.

## ACKNOWLEDGEMENTS

Your Directors wish to express their appreciation of the support and co-operation of the Central and the State Government, bankers, financial institutions, suppliers, associates and subcontractors and seek their continued patronage in future as well.

For and on behalf of the Board of  
**Ramky Infrastructure Limited**

Hyderabad  
May 29, 2012

**Alla Ayodhya Rami Reddy**  
Executive Chairman

## Annexure

### Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors Report for the year ended March 31, 2012

#### Employed throughout the year

Name of the Employee	Designation & nature of duties	Remuneration in ₹ crores	Qualification	Experience (Years)	Date of commencement of employment	Age	Last employment	% of equity shares held in the Company
Mr. A. Ayodhya Rami Reddy	Executive Chairman	3.69	M.E. (Civil)	30	April 15, 1994	49	Navega Engineers Private Limited	59.96*
Mr. Y.R. Nagaraja	Managing Director	0.98	B.E. (Civil)	30	April 15, 1994	50	Navega Engineers Private Limited	2.93
Mr. Shuvendu Sekhr Mohanty	Chief Executive Officer	0.74	B.E. (Mech.)	35	July 8, 2010	59	RSB Transmission, Pune	-

\* Excludes 12,300 equity shares pending credit to demat account



# Management Discussion and Analysis

## INFRASTRUCTURE INDUSTRY - AN OVERVIEW

The Economic Survey 2011-2012 has thrown emphasis for Investments in infrastructure to the tune of over US \$ 1 trillion during the Twelfth Plan 2012-17. The Planning Commission also projected that at least 50% of this investment will come from the private sector as against the 36% anticipated in the Eleventh Plan.

Inadequate infrastructure was recognised in the Eleventh Plan as a major constraint on rapid growth. The Plan had, therefore, emphasized the need for massive expansion in investment in infrastructure which was a combination of public and private investments. Substantial progress has been made in this respect. The pace of investment has been particularly buoyant in some sectors, notably telecommunications, oil and gas pipelines, while falling short of targets in electricity, railways, roads and ports. Efforts to attract private investment into infrastructure through the PPP route have met with considerable success, not only at the level of the Central Government, but also at the level of the individual States. A large number of PPP projects have taken off, and many of them are currently operational in both the Centre and the States.

Twelfth Five Year Plan envisages investment in Infrastructure (defined as electricity, roads and bridges, telecommunications, railways, irrigation, water supply and sanitation, ports, airports, storage and oil-gas pipelines) will need to increase from about 8.0 per cent of GDP in the base year (2011-12) of the Plan to about 10.0 per cent of GDP in 2016-17. The total investment in infrastructure would have to be over \$ 1 trillion during the Twelfth Plan period. Financing this level of investment will require larger outlays from the public sector, but this has to be coupled with a more than proportional rise in private investment.

With the consistent attention being given to infrastructure development and the increasing demand of housing in the country, the Construction sector has been growing at a compounded annual growth rate (CAGR) of about 11.1 per cent over the last eight years. The Construction sector accounts for around 9.0 per cent of GDP today.

The Construction sector is critical for enhancing the productive capacity of the economy. It has strong linkages with various industries such as cement, steel, chemicals, paints, tiles, fixtures and fittings. While in the short term it serves as a demand booster, in the long term it contributes towards boosting the infrastructure capacity. This is also evident from the fact that infrastructure construction accounts for the maximum share (54.0 per cent) of construction activities. Industrial expansion contributes to 36.0 percent of overall construction activity, and residential and commercial 5.0 per cent each. As India embarks upon an accelerated drive for infrastructure creation, it would be critical to enhance the capacity and capability of the construction sector.

## Opportunities

Considering that the target of double digit growth of the economy will be difficult to achieve without infrastructure growth, ambitious plans for investment into various sectors of physical infrastructure are being prepared and the cumulative investment in infrastructure in the Twelfth Five Year Plan is targeted at around \$1 trillion. Nearly half of this investment will be channelized into construction projects.

## Employment Potential

The Construction sector provides direct/indirect employment to about 35 million people and is expected to employ about 92 million persons by 2022. Thus almost 50 million additional jobs may be created in Construction in the next 10 years

## Infrastructure segment to drive investments

Total construction opportunity (industrial and infrastructure) is expected to grow by 1.9 times over the next 5 years as compared to the last 5 years. This growth will be driven by investments in the infrastructure segment, which are expected to almost double over the next 5 years.

The share of infrastructure investments in total construction investments is expected to increase from 81% in the period between 2006-07 and 2010-11 to about 85% in the period between 2011-12 and 2015-16. This will be led by the Central government's focus on policies and schemes in the various segments such as roads, power, irrigation and urban infrastructure. Industrial investments will be driven by expansion plans, especially in oil and gas.

## Roads, power to present higher construction opportunity in next 5 years

Construction investment is expected of ₹ 15,711 billion in the infrastructure segment over the next 5 years. Within the infrastructure construction segment, the roads and power sectors are estimated to be the largest contributors with a share of around 60 per cent. In the construction industry, investments in these two sectors together are expected to constitute close to 50 per cent of total investments over the next 5 years. Irrigation and urban infrastructure are the other large segments for investments in infrastructure construction sector. They will together contribute over 20 per cent to total investments in the construction sector and about 30 per cent to the infrastructure construction investments. Investments in roads, power, urban infrastructure, ports and railways are expected to more than double over the next 5 years as compared to investments in the last 5 years. Sectors like airports and telecom are likely to grow at a slower rate than other sectors in the infrastructure segment.

With the ambitious plans drawn for the infrastructure growth and development, it paves way for potential growth and opportunities for all the infrastructure companies.

Source: [www.planningcommission.nic.in](http://www.planningcommission.nic.in)

## COMPANY PERSPECTIVE

Ramky Infra operates through the following 3 principal business modes:

- i. Engineering, Procurement & Construction (EPC) Business which is operated by the Company,
- ii. Developer Business which is operated through 17 Subsidiaries and 4 Associates. A majority of the development projects are Public Private Partnerships (PPP) and are operated by separate Special Purpose Vehicles (SPVs) promoted by the Company and other Companies/undertakings and
- iii. International Business which is operated through 100% wholly owned subsidiary 'Ramky Engineering and Consulting Services', located in Sharjah, UAE.

## EPC BUSINESS

The Company operates the EPC business in the following sectors:

- i. Water and Waste Water projects such as water treatment plants, water transmission and distribution systems, elevated and ground level service reservoirs, sewage treatment plants, common effluent treatment plants, tertiary treatment plants, underground drainage systems and lake restorations;
- ii. Roads & Bridges projects such as expressways, highways, bridges & flyovers, rural roads, terminals and dedicated service corridors;
- iii. Building Construction, which includes commercial, residential, public, institutional and corporate buildings, mass housing, Highrise, Healthcare Infrastructure, Integrated Townships projects and related infrastructure and facilities such as hospitals and shopping malls; and
- iv. Irrigation projects such as cross-drainage works, barrages, lift irrigation projects, canals, feeder channels;
- v. Industrial Construction projects such as aluminium, textile, Pharmaceutical, Power, Petroleum, Industrial Parks, SEZs and related works;
- vi. Power Transmission and Distribution projects such as electricity transmission networks, substations, feeder lines and low & high tension distribution lines.

Ramky Infra has diversified its business portfolio which helps us in mitigate risk of slowdown in any one particular segment. The Company is also exploring to enter into more verticals which in turn will mitigate the risk with a wider business mix. Over the years core competence has been further developed by the engineering, planning and project execution skills.

The Company is recognised for its well organised and timely completion of projects with quality consciousness. Ramky Infra is exploring international business opportunities to scale up its business in the years to come.

### Water and Waste Water Sector:

At Ramky, we realize the importance of water in the present times.

Our design experts constantly innovate and focus on Water / Waste Water treatment & Distribution to offer reliable and complete water management solutions. A pioneer in the environ-friendly sector and has been a part of key projects till date.

Some of the significant new projects currently under execution in the Water & Waste Water Sector are given below:

1. Construction of Cluster distribution network, IEC activities, pump houses, clear water reservoirs, overhead service reservoirs, 33KV switchyards & village distribution network under Package - II of Nagaur Lift project and O & M of complete system for 10 years on Turnkey Basis at a Project of ₹ 157 crores.
2. Construction of 130 MLD Water Supply Scheme at left Bank of River Chambal near Sakatpura at Kota and other related associated / allied appurtenant works at Kota on Design, Build & Operate Basis at a Project Cost of ₹ 150 crores.
3. RWSS RGLC RD 177.5 Tinwan-Mathantya-Osian-Baori-Bhopalgarh Package-V -Development of Infrastructure to supply water from Baori HW to 66 villages of Tehsil Bhopalgarh District, Jodhpur at a Project Cost of ₹ 133 crores.
4. Construction of 108 MLD capacity STP @ Chavulamadhum, laying of pumping mains & construction of Pumping stations, including all related E&M works, Visakhapatnam at a Project Cost of ₹ 131 crores.

### Roads & Bridges Sector:

At Ramky, we know the vitality of roads for the development of a nation. Our Engineers ideate constantly to come up with the possible means of connectivity to make sure that India is powered with state-of-the-art road infrastructure. With a host of prestigious projects underway, the company accelerates towards fast-track progress.

Some of the significant new projects currently under execution in the Roads & Bridges Sector are given below:

1. Six Laning of Agra - Etawah Bypass Section from Km 199.600 to Km 323.525 of NH - 2 in the State of Uttar Pradesh under NHDP Phase V to be executed on BOT (Toll) Basis on DBFOT Pattern at a Project Cost of ₹ 1,207 crores.
2. Four Laning of Hospet - Chitradurga section of NH - 13 from km.299.000 to km.418.600 in the state of Karnataka under National Highways Development Project (NHDP) Phase III on Design, Build, Finance, Operate and Transfer (DBFOT/BOT) basis in BOT (Toll) at a Project Cost of ₹ 1,034 crores.
3. Designing, Engineering, Build, Procurement, Construction, Development, Operation and Maintenance and Transfer of the Two-laning Sehore-Ichhwar-Kosmi road section from Km 00.00 (near Sehore) to Km 50.120 on state highway no.53 in the state of Madhya Pradesh on DBFOT on toll and Annuity basis at a Project Cost of ₹ 96 crores.

### Buildings Sector:

Our construction experts walk in step with the emerging global design trends and construction techniques to ensure progress is

built brick by brick. With expertise in building projects across various categories, we are at the forefront of the construction space.

Some of the significant new projects currently under execution in the Buildings Sector are given below:

1. Construction of Low Cost Housing for Urban Poor/Slum Rehabilitation at Bawana - III (Pooth Khurd) Delhi Comprising of 6480 EWS Houses in (G+4) Phase I at a Project Cost of ₹ 253 crores.
2. Construction of Civil works for Residential project PURVA WINDERMERE at Medavakkam/Pallikaranai Villages, Chennai at a Project Cost of ₹ 207 crores.

#### **Irrigation Sector:**

Our water management experts invest efforts in channelizing the available water sources to ensure that prosperity reaches everyone. Over the years, we have been executing key irrigation projects with established expertise in design, planning, construction and maintenance of irrigation channels.

Some of the significant new projects currently under execution in the Irrigation Sector are given below:

1. Construction of RCB at Chamravattom across Bharathapuzha for 978m with Shutters and approach road for 612m including Mechanical and Electrical Works at a Project Cost of ₹ 158 crores.
2. Reconstruction, Remodeling & Improvement of embankment in Surdarbans and adjoining areas in the districts of North & South 24-Parganas ,West Bengal damaged by severe cyclone 'Aila' at a Project Cost of ₹ 153 crores.

#### **Industrial Construction Sector:**

Our organizational experts constantly strive to improve and gain expertise procedures to deliver excellence to a cross-section of Industries. The company has specialized in delivering infrastructure and related services to empower industrial sector.

Some of the significant new projects currently under execution in the Industrial Construction Sector are given below:

1. Providing Infrastructure Facilities i.e. road network water supply waste water collection, storm water drainage electrification & street lighting and all other works contingent thereto on turnkey basis at Industrial Model Township (IMT) Faridabad (Haryana) at a Project Cost of ₹ 311 crores.
2. Construction of Concrete Weir, Spillway and Appurtenant works, River Diversion, HRT Intake, Head Race Tunnel, Open Channel, Fore Bay, Civil works of Penstock, Switchyard, Power House and Tailrace, Infrastructure works including Service/ Access Road and all Hydro Mechanical (HM ) works of Mander-1 & Mander-II Small H.E. Project , Chhattisgarh at a Project Cost of ₹ 188 crores.
3. SG Area Balance Civil Works Package for Barh STPP Stage - 1(3X660 MW) at a Project Cost of ₹ 109 crores.
4. Construction General Civil work for Coal Handling plant, Workshop, Roads & Drains and Boundary wall for mine area

for 6 X 660 MW Sasan Ultra Mega Power Project, Sasan, Madhya Pradesh at A Project Cost of ₹ 109 crores.

#### **Power Transmission and Distribution Sector:**

At Ramky, we understand the need to make power available and accessible to better the quality of lives. Our project experts constantly derive sources of power to make sure that every household experiences its share of light, the Company is focusing on strengthening the rural power supply system.

Some of the significant new projects currently under execution in the Power Transmission and Distribution Sector are given below:

1. Electrification works in Seoni and Barghat Blocks of Seoni District of Madhya Pradesh State (Package SNI - 01) under RGGVY Scheme at a Project Cost of ₹ 146 crores.
2. Supply of materials ,survey installation, testing, and commissioning of 11KV Feeder Separation program for separation of non-agricultural & agricultural consumers, replacement of bare LT line with AB cable and meterisation of unmetered consumers in rural areas of MPPKVCL, Jabalpur(Lot-XI) at a Project Cost of ₹ 63 crores.
3. Supply of materials, survey, installation, testing, and commissioning of New 33/11 KV S/s, Augmentation of capacity of Power Transformer & providing Addl. Power Transformer in existing 33/11 KV S/s with extension of 33 KV & 11 KV Bay and Annual Maintenance (for five year) in Ujjain City, under Ujjain Region of MPPKVCL, Indore on Turn-key basis - Erection Portion at a Project Cost of ₹ 84 crores.

#### **DEVELOPER BUSINESS**

The Company conducts its business through subsidiaries/special purpose vehicles/joint ventures/associates formed for the development of PPP projects. A brief overview of the SPVs/ subsidiaries is given below:

##### **Ramky Pharma City (India) Limited (RPCIL)**

This SPV has been formed for developing the Jawaharlal Nehru Pharma City Industrial Park at Parawada, Visakhapatnam. This is an integrated industrial park aimed at bulk drug manufacturers, pharmaceuticals companies and fine chemical manufacturers.

This is a perpetual BOO project in a joint venture with Andhra Pradesh Industrial Infrastructure Corporation, which owns 11% of RPCIL while Ramky Infra holds 51% stake. The SPV has reported revenues of ₹ 10879.09 lakhs for the Financial Year 2011-12 as compared to ₹ 10575.98 lakhs in the Previous Year. Net profit for the year is ₹ 2409.22 lakhs, as compared to ₹ 4214.14 lakhs earned in the Previous Year.

##### **MDDA-Ramky IS Bus Terminal Limited.**

This SPV has been formed for developing inter-state bus terminal and commercial mall at Dehradun. This is a BOT project in which Ramky Infra holds 100% stake. The subsidiary has reported gross revenues of ₹ 589.89 lakhs for the Financial Year 2011-12 as

compared to ₹ 254.92 lakhs in the Previous Year. Net Loss for the Year is ₹ 56.39 lakhs as compared to ₹ 48.85 lakhs reported in the Previous Year

#### **Gwalior Bypass Project Limited**

This SPV has been formed for developing a 42 km road that will connect the NH-3 & NH-75 highways in Madhya Pradesh. The road is being built on a BOT basis, with semi - annuity payments. 51% of this SPV is held by Ramky Infra. The construction work is in the final stages of completion. The SPV has not reported any revenues for the Financial Year 2011-12. The net loss for the year is ₹ 2.67 lakhs as compared to loss of ₹ 2.07 lakhs for the Previous Year.

#### **Ramky Elsamex Hyderabad Ring Road Limited**

This SPV has been formed for design, construction, development, finance, operation and maintenance of eight lane access controlled expressway under Phase-IIA programme as an extension of Phase-I of ORR to Hyderabad City, in the state of Andhra Pradesh, for the package from Tukuguda to Shamshabad from Km 121.00 to Km 133.63 on Build, Operate and Transfer (BOT) (Annuity) Basis. Ramky Infra holds 74% in this SPV. The construction work has been completed. The SPV has reported revenues of Rs 6310.65 lakhs as annuity and other income for the Financial Year 2011-12 as compared to ₹ 5325.41 lakhs in the Previous Year. Net Loss for the year is ₹ 89.07 lakhs, as compared to profit of ₹ 189.36 lakhs earned in the Previous Year.

#### **Ramky Towers Limited**

This SPV has been formed for developing an integrated residential and commercial project on 17.10 acres of land in Gachibowli, Hyderabad, Andhra Pradesh in line with the contract executed with Andhra Pradesh Housing Board. Ramky Infra holds 51% stake in this entity. This subsidiary has reported revenues of ₹ 9448.90 lakhs in the year under review as compare to ₹ 12308.47 lakhs in the Previous Year. The net profit for the year is of ₹ 913.85 lakhs as against of ₹ 653.97 lakhs achieved in Previous Year.

#### **Ramky Enclave Limited**

This SPV has been formed for developing an integrated housing project on 32.69 acres of land at Warangal, Andhra Pradesh in line with the contract executed with Andhra Pradesh Housing Board. Ramky Infra holds 89.01% stake in this entity. This subsidiary has reported revenues of ₹ 1252.57 lakhs for 2011-12 as against of ₹ 909.86 lakhs in the Previous Year. The net loss for the year is ₹ 97.56 lakhs as against the net profit of ₹ 32.30 lakhs in the Previous Year.

#### **Ramky Food Park (Chattisgarh) Limited**

This SPV has been formed for developing, designing, marketing, operating and maintaining the food processing park in the district of Rajnandagaon, Chattisgarh on a BOT basis. Ramky Infra holds 100% stake in this SPV. An Authorization Agreement has been entered into with the Chattisgarh State Industrial Development Corporation. The business of the Company is yet to commence. The SPV has reported other revenue of ₹ 1.23 lakhs for the Financial

Year 2011-12 from interest income as compared to ₹ 0.45 lakhs in the Previous Year. The net profit for the year is ₹ 0.64 lakhs as compared to loss of ₹ 0.61 lakhs for the Previous Year.

#### **Ramky Herbal and Medicinal Park (Chattisgarh) Limited**

This SPV has been formed for developing, designing, marketing, operating and maintaining the herbal and medicinal park in the district of Dhamtari, Chattisgarh on a BOT basis. Ramky Infra holds 100% stake in this SPV. An Authorization Agreement was entered into with the Chattisgarh State Industrial Development Corporation. Possession of land is yet to be handed over to the company for the development and the business is yet to commence. The SPV has reported no revenues for the Financial Year 2011-12 as compared to ₹ 0.002 lakhs in the Previous Year. The net loss for the year is ₹ 0.24 lakhs as compared to loss of ₹ 0.96 lakhs for the Previous Year.

#### **Naya Raipur Gems and Jewellery SEZ Limited**

This SPV has been formed for developing, designing, marketing, operating and maintaining the gems and jewellery park in Raipur District, Chattisgarh on a BOT basis. Ramky Infra holds 100% stake in this SPV. An Authorization Agreement has been entered into with the Chattisgarh State Industrial Development Corporation. The business of the Company is yet to be started and this SPV has reported gross revenue of ₹ 3.34 lakhs for the Financial Year 2011-12 compared to ₹ 0.72 lakhs for the Previous Year. The net profit for the year is ₹ 0.32 lakhs compared to loss of ₹ 5.67 lakhs for the Previous Year.

#### **Ramky MIDC Agro Processing Park Limited**

The SPV has been formed for developing, designing, marketing, operating and maintaining the Agro processing Park on a BOOT basis. Ramky Infra holds 100% stake in this SPV. An Authorization Agreement was entered into with the Maharashtra Industrial Development Corporation. The Company is yet to commence operations. The SPV has reported gross revenue of ₹ 0.14 lakhs for the Financial Year 2011-12 as compared to ₹ 0.12 lakhs for the Previous Year towards interest income and reported a net loss of ₹ 0.10 lakhs for the current year and loss of ₹ 1.85 lakhs for the Previous Year.

#### **Ramky Food Park (Karnataka) Limited**

Ramky Food Park (Karnataka) Limited was incorporated on December 22, 2010 for developing Food park at Tumkur in Karnataka in accordance with the contract executed with Karnataka State Government. The company is yet to start its business and has not reported any income for the Financial Year 2011-12 and Previous Year. The net loss of ₹ 0.28 lakhs for this year as compared to ₹ 0.50 lakhs loss for Previous Year.

#### **Ramky Multi Product Industrial Park Limited**

Ramky Multi Product Industrial Park Limited was incorporated on December 13, 2010 for maintaining 'Multi Product Industrial park' to meet the requirements of various industrial, manufacturing, service sectors. The Company is yet to start business and the SPV reported gross income of ₹ 3.54 lakhs for the Financial Year 2011-

12 as compared to ₹ 0.54 lakhs for the previous year. The net loss for the current year is ₹ 3.37 lakhs as compared to ₹ 1.26 lakhs loss for the Previous Year.

#### **Srinagar Banihal Expressway Limited**

This special purpose vehicle was incorporated with a view to Design, Build, Construction, Develop, operate and Maintain so as to Rehabilitate, Strengthen and four laning of Srinagar Banihal section of NH-1A from KM 187.00 to KM 189.350 (Banihal Bypass) & KM 220.700 to KM 286.110 and improvement of KM 187.000 to KM 220.700 (Existing 2 lane Road) on DBFOT (Annuity) basis in the state of Jammu and Kashmir. Ramky Infra holds 74% in this SPV which is yet to start commercial operations and the SPV reported other income of ₹ 80.54 lakhs for the Financial Year 2011-12 as compared to Nil for the Previous Year. The net profit for the current year is ₹ 25.33 lakhs as compared to ₹ 2.15 lakhs loss for the Previous Year.

#### **Sehore Kosmi Tollways Limited**

Sehore Kosmi Tollways Limited was incorporated on September 2, 2011 for designing, engineering, Build, procurement, Construction, Development, operation and Maintenance and transfer of the Two-laning Sehore-Icchawar-Kosmi road section from Km 00.00 (near Sehore) to Km 50.120 on state highway no.53 in the state of Madhya Pradesh on DBFOT on toll and Annuity basis. This SPV is 100% Subsidiary of the company. The Company is yet to start its commercial operations and reported gross revenue of ₹ 5.07 lakhs from interest income while the net loss was ₹ 6.10 lakhs.

#### **Hospet Chitradurga Tollways Limited**

Hospet Chitradurga Tollways Limited was incorporated on December 7, 2011 to undertake and Carry the Business of Four Laning of Hospet - Chitradurga Section of NH-13 from KM 299.000 to KM 418.600 in the State of Karnataka under National Highways Development Project Phase III on Design, Build, Finance, Operate and Transfer (DBFOT/BOT) basis in BOT (Toll). This SPV is wholly owned subsidiary of the company and is yet to start its business and reported a net loss of ₹ 0.55 lakhs in 2011 - 12.

#### **Agra Etawah Tollways Limited**

Agra Etawah Tollways Limited was incorporated on December 8, 2011 to undertake and carry on Business of Six Laning of Agra - Etawah Bypass section of NH-2 from KM 199.660 to KM 323.525 under National Highways Development Project (NHDP) Phase V in the State of Uttar Pradesh to be executed on BOT (Toll) on DBFOT pattern. This SPV is 100% Subsidiary of the company and is yet to start its business and reported a net loss of ₹ 0.54 Lakh in 2011 - 12.

#### **Frank Lloyd Tech Management Services Limited**

Frank Lloyd Tech Management Services Limited was incorporated on November 10, 2010 to undertake and provide the various management and information technology services. This Company was originally incorporated as a Private Limited Company and was converted into Public Limited Company on March 30, 2012. The

company has acquired 76% Equity in this Company on January 2, 2012. The Company has not reported any revenue and reported a net loss of ₹ 1.21 lakhs during the Financial Year 2011 - 12.

#### **ASSOCIATES/JOINT VENTURES**

##### **N.A.M.Expressway Limited**

This special purpose vehicle was incorporated with a view to undertake the business of designing, constructing, operating and maintaining four lanes of the Narketpalli-Addanki-Medaramitla Road (SH-2) from Km 0.00 to Km 212.50 in the State of Andhra Pradesh on DBFOT (Toll) basis. Ramky Infra holds 50% stake in this entity. This company has reported gross revenue of ₹ 125.14 lakhs for the Financial Year 2011-12 compared to ₹ 291.61 lakhs for the Previous Year. The net profit the year is 17.50 lakhs compared to ₹ 25.94 lakhs for the Previous Year.

##### **Jorabat Shillong Expressway Limited**

Jorabat Shillong Expressway Limited was incorporated on June 18, 2010 to undertake the business of developing four lanes of the Jorabat Shillong (Barapani) section of NH-40 from Km. 0.000 to Km 61.800 in Assam and Meghalaya on a "design, build, finance, operate and transfer" basis under the Special Accelerated Road Development Programme in North East Regions on a BOT (Annuity) Basis. Ramky Infra holds 50% stake in this entity. The company has not reported any income and has reported a net loss of ₹ 30.42 lakhs against ₹ 66.77 lakhs in the Previous Year.

##### **Ramky Integrated Township Limited**

Ramky Integrated Township Limited was incorporated on December 4, 2007 for undertaking the business of developing an integrated township project called Discovery City on 374.60 acres of land in Srinagar village, Maheswaram mandal, Ranga Reddy District in Andhra Pradesh on a BOO basis. Ramky Infra holds 29.19% stake in this entity. The business of the Company is yet to be started and has reported gross revenue of ₹ 0.79 lakhs from interest income for the Financial Year 2011-12 compared to ₹ 4.42 lakhs for the Previous Year. The net loss for the year is 25.01 lakhs compared to ₹ 15.86 lakhs for the Previous Year.

##### **JNPC Pharma Innovation Limited**

JNPC Pharma Innovation Limited was incorporated on November 23, 2011 to carry on the business of and to set up Research & Development facilities for intermediaries. In this SPV Ramky Infra has 33% holding. This SPV is yet to start its business and reported gross revenue of ₹ 0.06 Lakh from interest Income and reported a net loss of ₹ 0.67 Lakh in 2011-12.

#### **INTERNATIONAL BUSINESS:**

##### **Ramky Engineering & Consulting Services (FZC), Sharjah, U.A.E**

Ramky Infra holds 100% stake in this subsidiary which is engaged in providing business consultancy services in the field of engineering. This subsidiary has reported revenues of AED. 2021.48

lakhs for the Financial Year 2011-12 as compared to AED 958.15 lakhs for the Previous Year. The net profit for the year is AED 609.50 lakhs as compare to AED 209.95 lakhs for the Previous Year.

#### **STRENGTHS:**

Ramky Infra has the following principle competitive strengths:

- Experience and expertise in the construction and management of Water and Waste Water Infrastructure Projects
- Construction business operates in diverse sectors and has a multinational presence
- Average order size for the construction business has been consistently growing
- Strong and diverse Order Book
- Strategically positioned to realize opportunities
- Sustained investment in equipment and fixed assets
- Professional Board and Management Team

This steady growth owes itself to the Company's unerring strategy of leveraging its core competencies and drawing heavily upon past experience. An effective combination of energy, excellence and endurance is evident everywhere.... From the construction site to the administrative division. The result, a holistic growth pattern that has seen the company grow into a preferred choice for national and international projects.

#### **OPPORTUNITIES:**

The company is currently focusing on a number of PPP opportunities in the Roads, Irrigation and Railways sectors as they are currently contributing around 70% of the total investments in the infrastructure industry.

#### **Roads:**

Investments in roads sectors augurs well for the construction industry, as the sector has almost 100% construction intensity, i.e., nearly the entire investment in a road is channeled into the construction activity. As the government main focus is on the development of roads sector thru the National Highway Development Programme (NHDP). Approximately 26,782 km of national highways are expected to be completed over next 5 years.

#### **Irrigation:**

Investment in irrigation projects are mostly by the state governments. Irrigation investments, primarily driven by expenditure of state governments, are expected to grow by 1.6 times over the next 5 years. The progressives states in this sector are Andhra Pradesh, Gujarat, Karnataka, Maharashtra, Madhya Pradesh and Uttar Pradesh, which account for around 70% of the aggregate investment on irrigation by states. There was a slowdown in execution of irrigation projects in Andhra Pradesh in the last 3 years, which is the largest contributor among all the states, because of a change in leadership in the state. In 2012-13, we expect a pick-up in execution of projects in Andhra Pradesh with the government's efforts towards improving the pace by prioritizing projects and better management of the funding of projects.

#### **Railways:**

Construction opportunity from railways to grow by 2.3 times over the next 5 years. Research expects construction opportunity from railways to be around ₹ 1,632 Billion over next 5 years. Addition to rolling stock, construction of new lines, gauge conversion and track renewals/ repairs will drive investments along with the dedicated freight corridor (DFC), which has a total project cost of around Rs 490 billion. DFC comprises of the Western (1,534 km) and Eastern (1,839 km) corridors. The Western corridor is likely to be majorly funded through Japanese assistance from Japan International Cooperation Agency (JICA), while a major part of funding for the Eastern corridor will be provided by the World Bank.

*(Source: Crisil Research)*

#### **Discussion on Financial Performance - Standalone**

##### **Revenues**

The turnover of the company for 2011-12 of ₹ 3,094 crores has marginally grown by 13.33% over the year, compared to ₹ 2,730 crores 2010-11. The major sectors contributed to the increase in top line during the Financial Year are Road, Buildings and Water & Waste Water. These three sectors together contribute close to 77% of total turnover.

##### **Expenditure**

The expenses for 2011-12 of ₹ 2,918 crores has grown by 15.24% over the year, compared to ₹ 2,532 crores in 2010-11. The growth in expenses is commensurate to the growth in turnover. The expenses in 2011-12 evidenced increase by 1.56% over revenue from Previous Year due to increase in employee benefits, depreciation and finance costs.

##### **Finance Costs**

The finance costs for 2011-12 of ₹ 118 crores has grown by 71% over the year, compared to ₹ 69 crores 2010-11. This is mainly due to increase in borrowings. The borrowings are at lower level in Previous Year due to the IPO proceeds received in October 2010.

##### **Personnel Costs:**

Personnel costs at ₹ 126 crores accounted for 4.07% of revenue. There is an increase over the Previous Year, largely due to addition to the bench strength to manage the increasing order book. In 2010-11 the personnel costs were ₹ 107 crores constituting 3.90% of the revenue.

##### **Profit Before Tax**

The Profit before Tax for 2011-12 of ₹ 213 crores is considerably stable and grown by 0.47% over the year, compared to ₹ 212 crores 2010-11. As a percentage on Turnover the Profit Before Tax dropped to 6.88% in 2011-12 from 7.77% in Previous Year. The drop is mainly due to increase in Finance costs.

##### **Profits After Tax**

The Profit after Tax for 2011-12 of ₹ 144 crores has dropped by 9.03% over the year, compared to ₹ 157 crores 2010-11. The drop is mainly due to increase in Tax expense. As a percentage on Turnover the Profit after Tax is dropped to 4.65% in 2011-12 from 5.75% in Previous Year

## EBIDTA

The Earnings before Interest Depreciation, Taxes and Amortization (EBIDTA) for year under review is ₹ 360 crores compared to ₹ 300 crores in 2010-11. EBIDTA has improved to 11.64% from 11.00% in the Previous Year.

## Loan Funds

The total secured loans by way of working capital cash credit, project specific term loans and hire purchase loans for fixed assets at the end of the year under review was ₹ 957 crores compared to ₹ 674 crores as on March 31, 2011. The net increase of ₹ 283 crores has financed the increased working capital needs, necessitated by the growth in the operations during the year.

As on March 31, 2012 the debt- equity ratio was 0.99 as compared to 0.76, a year before. The IPO made in October 2010 was a contributing factor for the lower ratio in Previous Year.

## Networth

The networth of the company increased by ₹ 78 crores to ₹ 967 crores as on March 31, 2012 compared with ₹ 889 crores as on March 31, 2011. Increase in networth is after providing for ₹ 66.56 crores towards tax expenses for earlier years on account of deduction under Section 80IA.

## Fixed Assets

The gross fixed assets as on March 31, 2012 was ₹ 495 crores compared to ₹ 388 crores on March 31, 2011 an incremental asset acquisition of ₹ 107 crores. The company is making conscious efforts to increase the fixed asset base so as to augment mechanization in execution of projects to reduce manpower cost and for speedier completion of projects.

## Earnings Per Share

The EPS for 2011-12 marginally reduced to ₹ 25.12 from ₹ 29.57 in Previous Year. This drop is mainly due increase in Finance charges and Tax expenses.

## Discussion on Financial Performance - Consolidated

The consolidated financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, as amended, the provisions of Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India (ICAI) and guidelines issued by Securities and Exchange Board of India. The Current year results include the results of 23 Companies including 11 wholly owned subsidiaries, 7 Subsidiaries, 4 Associates and 1 Step-down Subsidiary. These companies broadly operate in Roads, Bus Terminal, Industrial Parks and others.

## Revenue

The consolidated turnover of the company for 2011-12 of ₹ 3,934 crores has grown by 22.40% over the year, compared to ₹ 3,214 crores 2010-11.

## Profit After Tax

The consolidated Profit After Tax for 2011-12 of ₹ 244 crores has increased by 18.45% over the year, compared to ₹ 206 crores 2010-11.

## Earnings Per Share

The consolidated EPS for 2011-12 increased to ₹ 42.67 from ₹ 38.73 in Previous Year.

## Networth

The consolidated networth of the company as on March 31, 2012 was ₹ 1258 crores compared to ₹ 1065 crores as on March 31, 2011.

## OUTLOOK

Ramky Infra is striving to secure high value contracts, so as to increase the focus and improve on the operating margins. The Company is also working towards generating revenues from Public-Private-Partnership segments and is consciously making efforts to win new projects with in-built clause for price escalation, to protect the margins and mitigate the impact of inflation.

The strong order book position coupled with thrust given by the government for infrastructure sector augurs well for Company, being one of the leading companies in infrastructure development. Also, the private and public sector unit projects shall equally quoted / bided to the government projects to maintain the equilibrium in the flow of funds.

Also, the Company is committed to undertake new responsibilities and challenges in terms of both nationally and internationally by virtue of its strengthened business model. We are poised enough of leveraging global opportunities, while adhering to our esteemed mission, vision and values.

The Company has identified new geographies globally and is focusing its energies to develop business. In addition, there are continuous efforts at improvising efficiencies and delivering excellence in project execution

## RISKS AND CONCERNS

Ramky has established a standard and strong risk management structure in the company. Under this structure, on continual basis the risks are identified across all business processes of the organization. The identified risks are systematically categorized as strategic risks, business risks, internal risks, external risks and are analyzed fully with the former risks associated in the interests of the company. The Company has adequate control over project execution to achieve the promised milestones.

Ramky Infra endeavors to mitigate the risks by a thorough analysis. This is being achieved by evaluating the progress of the projects on a daily, weekly, monthly, quarterly, half-yearly and yearly basis. This system ensures a equilibrium among employees, process and new technologies to develop a business risk portfolio that can improve revenues and profits.

To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this structure, Ramky has set in place various procedures for Risk Management. In the current environment, the company perceives the risks and concerns but not limited to the following:

- a) **Liquidity Risk:** Liquidity risk can arise out of lack of adequate funds for day to day operations. The Company has support from banks and financial institutions for its working capital and has adequate line of credit with its bankers. The Company has also put in place the effective measures to collect the receivables from clients. The overall cash flow situation is very encouraging and the Company does not foresee any liquidity risk.
- b) **Government Policy Risk:** The government policies in the recent times are pro industry and growth, which minimizes the inherent policy risk. The residual risk is managed by controlling costs and taking proactive measures to insulate the business from adverse changes in the policy.
- c) **Price Inflation Risk:** Volatility in prices and delay in completion of projects can affect the profitability of the Company. Ramky Infra has a centralized system of purchases by which it can source large volumes at best prices, moreover, the contracts have a built-in escalation clause which natural hedge to neutralize rise in raw material costs. In case of contracts, which have fixed price & non-escalation provisions, the company while bidding itself takes into account the possible increase in the inputs cost so as to insulate the project from adverse effects.
- d) **Government Risk:** There could be a unfavorable regulatory measures in government policies towards the infrastructure and may impact the long term planning of the company. However, the Company has a robust order book and is confident of maintaining the present levels of operations.
- e) **Economy Risk:** Macro-economic challenges, such as interest rate hikes, inflation and political unrest could hamper the operations and financial performance.
- f) **Resources Risk:** The Company may have difficulty in acquiring adequate mining linkages due to environmental issues could result in an increase in raw material prices, impacting the bottom-line. The increase in cost of sourcing aggregate due to shortage and imports cannot be passed to the Clients.
- g) **Business Development Risk:** The company may lose its revenue in the event of non-qualification for external (global) projects. Also, the main cause of BD risk found to be losing of EMD's and blocked FDR's. The company has successfully developed a team to focus on the new business opportunities. Also, the company shall ensure to complete and attain the completion certificates of internal and external projects so as to strengthen the EPC division.

- h) **Financial Risk:** Delay in financial closure could delay the execution of the project or the probabilities of project being cancelled. The company may take up the advance adequate steps towards financial relations. These relations shall be addressed on time to time basis to secure financial closures. The company shall also allocate sufficient equity to fund the projects incase no disbursement of funds found by banks.
- i) **Order Booking Risk:** The company may lose or may be not willing to execute the project subjected to the price escalation in the proposal. The company shall ensure the projects bided and are declared L1 shall maintain the validity of the proposal and will be renewed in terms of pricing on timely basis.
- j) **Human Resources Risk:** Attrition of key resources and talents could have an adversative impact on the company's operation. The company believes in building 'Family Like' atmosphere among its employees by way of regular training and development.
- k) **Operational Risk:** Operational management and non-professionalized approach can erode credibility. Hence, to avoid the risk, the company has put in a place a review system which shall take care of the operational performance and planning.
- l) **Execution Risk:** The company may fail to achieve the project deadlines and budgeted costs in the event of internal inadequacies. The companies has learnt the problems that are faced from the date of LOA to the receipt of project completion certificate from past experiences. Now, the main focus is on the tracking proven and credible vendors, appointing specialized agencies to verify the review mechanism.
- m) **Internal Risk:** These risks are normally aroused out of the processes which can be controlled and managed internally. These could be human errors, delays in processing, documentation, etc., which are all directly linked to the operations. Bidding process, Project management, procurements and finance management are the most important risks under this category. The company has prepared the stringent standard operating procedures and created awareness in the delegation of powers to manage all its operations. Internal quarterly audits are closely involved in review and ensured the adherence to these procedures.
- n) **External Risk:** These risks may clearly defined to external environment. They are mostly outside of our control viz interest rates, changes in commodity prices etc. Our endeavor has been in taking the proactive steps to mitigate these in the form of having an "escalation cause, creating sufficient buffers in the pricing, making suitable provision in books, insurance cover, hedging of transactions etc.,"

Considering the above risks, Ramky Infra has judiciously diversified its operations across various projects and sectors in India. And also geographically, focusing on fast tract projects with lower risks.



## INTERNAL CONTROL SYSTEMS

There is an Internal Monitoring and Assessment Team (IMAT), which draws up an extensive programme of internal audit for its various projects and offices, in consultation with MD & CFO. It regularly audits, sends reports to Projects / Offices for rectification and compliances and reviews compliance with data base. It reviews SOPs from time to time and recommends updating systems and processes and suggests measures for improvement. In order to compliment IMAT audits, Internal Audit is also being carried out by an external agency M/s K.P. Rao & Associates, Chartered Accountants and it is ensured that there is no duplication between IMAT and K.P. Rao & Associates.

The management is investing considerable time, resources and efforts to review the audit systems, audit observations and upgrade the existing systems to meet the needs of business growth in the years ahead. Ramky Infra is an ISO 9001:2008 certified company and is expected to be ERP enabled with advanced systems.

There were several IMS - related developments in 2011 - 12. Between Nov.'11 & Dec.'11, M/s. TUV NORD, the certified agency, conducted a surveillance audit for ISO 14001:2004, BS OHSAS 18001:2007 & ISO 9001:2008 to verify the status of compliance to the requirements of these standards. The objective and effectiveness of Integrated Management System has been verified during the audit course. The auditors recommended continuation of certification for ISO 14001:2004, BS OHSAS 18001:2007 & ISO 9001:2008 valid up to September 2014.

## HUMAN RESOURCES DEVELOPMENT

The organization is growing exponentially and taking significant strides towards becoming a Global Major, there is a sharper focus on all HR functions and its alignment with business and build people capability. Our Talent Base as on March 31, 2012 stands on 2916.

Towards this, we have conceptualized a Center of Excellence Model i.e., Talent Management Center to cater to the needs of Talent Acquisition, Talent Development and Talent Retention of the Company.

During the year, we have reconfigured the Organization Structure by merging Business Sectors within the EPC business viz., WWW, Irrigation, Industrial, Buildings, Electrical & International as one SBU. The other SBU being Transportation, as eight major Road projects are being executed besides Zonal SBU with overarching five Zones.

The restructuring exercise has given a leeway particularly in terms of Leadership Bandwidth, Business Scope, Competency Development in addition to Business Focus.

Further, we have classified Service Functions such as SCM, PMO, BD as Strategic Service Providers. Each SBU is attached with

Commercial Functions such as Finance, SCM, HR etc., which would provide instant support to Business.

We have redesigned certain HR Policies keeping in view of the Business Trends.

The company has launched a HRMIS project as a part of automating the database, which will eventually be linked to SAP ERP platform.

We have embarked on the exercise of Talent Plotting by way of 9-box matrix to identify the gaps in performance and ensure that person-position fit is matched.

We have covered 700 employees as a part of Learning & Development by way of in-house programs as well as external nominations and achieved 2 training man-days.

As a part of Value Engineering, two Quality Circles got formed, training got extended and the process has led to completion of two major projects, accruing a major savings to the Organization. Both Quality Circles competed with other Quality Circles at National level and won an "Excellence" Awards.

In addition, during the year, we have hired 56 GETs from different campuses across the country and extended "On-the-Job-Training" for the period of 12 months with a detailed structure. Five Buddies ensured that these GETs get integrated well with the organization. This eventually creates a pipeline of leaders in next 5-8 years.

As a part of continuous communication with the employees of the company, a bi-monthly e-magazine namely "WITHEORB" introduced, which has covered the info on all HR developments.

## FORWARD LOOKING STATEMENTS

This communication contains statements that constitute 'forward looking statements' including, without limitation, statements relating to the implementation of strategic initiatives and other statements relating to our future business developments and economic performance.

While these forward looking statements represent the management's judgements and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments and other key factors that could adversely affect our business and financial performance.

Ramky Infra undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances.

# Report on Corporate Governance

## 1. COMPANY'S PHILOSOPHY

Ramky Infrastructure Limited ('the Company') is committed to achieve transparency and accountability, the basic parameters of Corporate Governance norms, across the operations of the Company and in its interaction with all the stakeholders, to establish an enduring relationship with and maximize the wealth of stake holders. The Company believes that these practices will not only result in sustainable growth of the company but will also result in meeting every stake holder expectations.

## 2. BOARD OF DIRECTORS

The Board of Directors of the Company currently consists of Eight Directors. The Company has an Executive Chairman. The Executive Chairman and the Managing Director manage the day-to-day affairs of the Company. The Board has an optimum combination of Executive and Non-Executive directors.

### a. Composition and Category of directors as on March 31, 2012

Category	No. of Directors
Promoter Directors	2
Non-Executive Non-Independent Directors	2
Non-Executive Independent Directors	4
<b>Total</b>	<b>8</b>

The composition of the Board is in conformity with clause 49 of the Listing Agreement entered with the Stock Exchanges.

### b. Attendance of each director at the Board meetings held during the year 2011-12 and at the last Annual General Meeting

Name of the Director	Category	Meetings held during the year	Meetings attended	Attendance at last AGM
Mr. A. Ayodhya Rami Reddy	Promoter, Executive Chariman	5	5	Present
Mr. Y. R. Nagaraja	Promoter, Managing Director	5	5	Present
Mr. Rajiv Maliwal	Non Executive Director	5	5	Present
Dr. Archana Niranjana Hingorani	Non Executive Director	5	3	-
Mr. Kamlesh Shivji Vikamsey	Non-Executive Independent Director	5	4	Present
Mr. V. Harish Kumar	Non-Executive Independent Director	5	4	Present
Mr. V. Murahari Reddy	Non-Executive Independent Director	5	4	-
Dr. P.G. Sastry *	Non-Executive Independent Director	5	4	-
Mr. P. V. Narasimham**	Non-Executive Independent Director	5	1	-

\* Dr P G Sastry resigned from the Board on May 29, 2012

\*\* Mr. P.V. Narasimham resigned from the Board on May 26, 2011

**c. Number of other Boards/Board Committees in which the Directors are either Member or Chairman as at March 31, 2012**

Name of the Director	Board		Committee	
	Chairman	Member	Chairman	Member
Mr. A. Ayodhya Rami Reddy	1	-	-	-
Mr. Y. R. Nagaraja	-	12*	-	8
Mr. Rajiv Maliwal	-	3	-	1
Dr. Archana Niranjana Hingorani	-	6*	-	1*
Mr. Kamlesh Shivji Vikamsey	-	10*	5	9
Mr. V. Harish Kumar	-	2	1	2
Mr. V. Murahari Reddy	-	2	1	-
Dr. P. G. Sastry**	-	-	-	-

\* excluding foreign companies and private companies

\*\* Dr.P.G.Sastry resigned from the Board on May 29, 2012.

**d. No. of Board Meetings held and dates on which they were held during the year 2011-12**

Quarter	No. of Meetings	Dates on which held
April - June 2011	1	May 26, 2011
July - September 2011	2	August 12, 2011 & August 31, 2011
October - December 2011	1	November 10, 2011
January - March 2012	1	February 14, 2012
<b>Total</b>	<b>5</b>	

**3. AUDIT COMMITTEE**

The Audit Committee was constituted in terms of Section 292A of the Companies Act, 1956 and as per the provisions of Clause 49 of the Listing Agreement. The Audit Committee consist of a combination of Non Executive Directors and Non Executive Independent Directors and assists the Board in fulfilling its overall responsibilities. The Company Secretary acts as the Secretary of the Committee.

**i. Brief description of terms of reference**

The terms of reference of the Audit Committee include the following:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d. Review, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions;
  - vii. Qualifications in the draft audit report.

- e. Review, with the management, the quarterly financial statements before submission to the board for approval;
- f. Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- g. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- h. Discussion with internal auditors any significant findings and follow up there on;
- i. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- j. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- l. Review the functioning of the Whistle Blower mechanism, in case the same is existing;
- m. Carry out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation: The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

## ii. Composition, name of members and Chairperson

The Audit Committee comprises of the following directors

Name of the Member	Status
Mr. Kamlesh Shivji Vikamsey	Chairman
Dr. Archana Niranjana Hingorani	Member
Mr. V. Harish Kumar	Member
Dr. A.G.Ravindranath Reddy**	Member
Mr. Rajiv Maliwal*	Member
Dr. P.G. Sastry*	Member
Mr. P.V. Narasimham*	Member

\* Mr. P.V.Narasimham resigned on May 26, 2011, Mr Rajiv Maliwal resigned from the Committee effective from August 18, 2011, Dr.P.G.Sastry resigned from the Board on May 29, 2012.

\*\* Dr.A.G.Ravindranath Reddy was appointed on May 29, 2012.

## iii. Meetings and attendance during the year 2011 - 12

Name of the Member	Meetings held during the year	Meetings attended
Mr. Kamlesh Shivji Vikamsey	4	3
Dr. Archana Niranjana Hingorani	4	2
Mr. V. Harish Kumar	4	3
Dr. P.G. Sastry*	4	4
Mr. Rajiv Maliwal*	4	2
Mr. P.V. Narasimham*	4	1

\* Mr. P.V.Narasimham resigned on May 26, 2011, Mr Rajiv Maliwal resigned from the Committee effective from August 18, 2011, Dr.P.G.Sastry resigned from the Board on May 29, 2012.

#### 4. REMUNERATION COMMITTEE/COMPENSATION COMMITTEE

##### a. Brief description of terms of reference

###### As Remuneration Committee

The Committee shall determine the policy on specific remuneration packages for executive directors including pension rights and any compensation payment. In the absence of any such policy the Committee shall determine the remuneration package for executive directors on case to case basis, as and when required. Besides, it also determine Remuneration to the relatives of Directors, if any.

###### As Compensation Committee

Function as a Compensation Committee with the requisite powers and authority as envisaged under the Guidelines.

##### b. Composition, name of members and Chairman

The Remuneration Committee comprises of the following directors

Name of the Director	Status
Mr. Kamlesh Shivji Vikamsey	Chairman
Mr. Rajiv Maliwal	Member
Dr. Archana Niranjana Hingorani	Member
Mr. V. Harish Kumar	Member
Mr. V. Murahari Reddy	Member
Dr. A.G. Ravindranath Reddy*	Member

\*appointed as member on May 29, 2012.

##### c. Meetings and Attendance during the year 2011-12:

Name of the Member	Meetings held during the year	Meeting attended
Mr. Kamlesh Shivji Vikamsey	1	1
Mr. Rajiv Maliwal	1	1
Dr. Archana Niranjana Hingorani	1	1
Mr. V. Harish Kumar	1	-
Mr. V. Murahari Reddy	1	1

##### d. Remuneration Policy

There is no remuneration policy. Remuneration package is determined on case-to-case basis.

##### e. Details of remuneration to the directors

(₹ in crores)

Particulars	Executive Directors		Non-Executive Directors
	Mr. A. Ayodhya Rami Reddy	Mr. Y. R. Nagaraja	
Salary	1.50	0.93	
Commission	2.19	-	0.09
PF Contribution	-	0.05	
<b>Total</b>	<b>3.69</b>	<b>0.98</b>	<b>0.09</b>

Pursuant to the provisions of Section 309 of the Companies Act, 1956, Commission is being paid up to a maximum of ₹ 3,00,000 p.a. for Chairman of the Audit Committee and ₹ 2,00,000 p.a. for the other Non Executive Independent Directors proportionate to the participation in the meetings during the Financial Year 2011-12.

Pursuant to provisions of Section 198,269,309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. A. Ayodhya Rami Reddy, Executive Chairman is being paid by way of Salary, Dearness Allowance, Perquisites, Commission and other allowance up to a maximum amount equivalent to 5% of the net profits of the Company for the remaining period of his tenure i.e upto March 31, 2013 subject to a limit of ₹ 1.50 Crores per annum towards Salary, DA and other allowances and upto 1% of Net Profits as Commission for the Financial Year 2011-12 which shall be reviewed from time to time and shall remain same until changed.

Pursuant to provisions of Section 198,269,309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Y. R. Nagaraja, Managing Director is being paid by way of Salary, Dearness Allowance, Perquisites,

Commission and other allowance up to a maximum amount equivalent to 5% of the net profits of the Company for the remaining period of his tenure i.e upto March 31, 2012, subject to a limit of ₹ 1.00 Crores ( Rupees One Crore only) per annum towards Salary, DA and other allowances for the Financial Year 2011-12 which shall be reviewed from time to time and shall remain same until changed.

## 5. INVESTORS' GRIEVANCE COMMITTEE

### i. Constitution and Composition of the Investors Grievance Committee

Name of the Director	Status
Mr. V. Harish Kumar	Chairman
Dr. P.G. Sastry *	Member
Mr. Y.R. Nagaraja	Member
Dr. A.G. Ravindranath Reddy**	Member

\* Resigned as member on May 29, 2012

\*\* appointed as member on May 29, 2012.

**Powers of the Committee:** The Committee shall specifically look into the redressal of shareholder and investors complaints which, inter alia, include transfer of shares, non-receipt of annual report, refund orders and dividends.

- The Board has designated Mr. V.Phani Bhushan, Company Secretary as the Compliance Officer.
- 64 complaints/ Grievances were received and replied to the satisfaction of shareholders during the year. There was no outstanding complaint as on March 31, 2012.
- There are no share transfers pending at the end of the financial year.

## 6. GENERAL BODY MEETINGS

### i. The details of last three Annual General Meetings are as under

Annual General Meeting	Venue	Time & Date	Number of Special Resolutions passed	Details of Special Resolutions
2011	K.L.N. Prasad Auditorium, 3rd Floor, Federation House, FAPCCI Marg, 11-6-841, Red Hills, Hyderabad - 500 004	03.00 p.m Friday, August 12, 2011	1	Resolution u/s 163 of the Act for keeping Register of Members etc at the office of Registrar and Share transfer Agent M/s Karvy Computer Share Private Limited.
2010	6-3-1089/G/10 & 11, 1st Floor, Gulmohar Avenue, Rajbhavan Road, Somajiguda, Hyderabad - 500082	10.00 a.m. Wednesday, September 15, 2010	2	1. To Re-appoint and Revise the Remuneration of Mr.A.Ayodhya Rami Reddy, Executive Chairman. 2. To Revise the Remuneration of Mr.Y.R.Nagaraja, Managing Director of the company.
2009	6-3-1089/G/10 & 11, 1st Floor, Gulmohar Avenue, Rajbhavan Road, Somajiguda, Hyderabad - 500082	10.00 a.m. Wednesday, September 30, 2009	3	1. Payment of Commission to Non Executive Independent Directors. 2. Investment u/s 372A up to Rs 2.80 Cr in new company to be formed for Development of Integrated Solid Waste Management facilities for Lucknow Municipality. 3. Investment u/s 372A up to Rs 1.76 Cr in Delhi MSW Solutions Limited.

ii. The details of last three Extraordinary General Meetings are as under:

Date & time of the Meeting	Venue	Number of Special Resolutions passed
July 23, 2010 at 2.00 p.m.	6-3-1089/G/10 & 11, 1st Floor, Gulmohar Avenue, Rajbhavan Road, Somajiguda, Hyderabad - 500082	1
May 27, 2010 at 4.30 p.m.	6-3-1089/G/10 & 11, 1st Floor, Gulmohar Avenue, Rajbhavan Road, Somajiguda, Hyderabad - 500082	3
March 26, 2010 at 2.30 p.m.	6-3-1089/G/10 & 11, 1st Floor, Gulmohar Avenue, Rajbhavan Road, Somajiguda, Hyderabad - 500082	1

iii. Approval of Members through Postal Ballot

**Procedure for Postal Ballot:** After receiving the approval of the Board of Directors, Notice of Postal Ballot, text of the resolution and explanatory statement, relevant documents, postal ballot forms and self addressed postage pre - paid envelopes are sent to the share holders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. After receipt of the Postal Ballots, the scrutiniser, after due verifications, submits the results to the chairman/Managing Director of the company. Thereafter the Chairman/Managing Director declares the result of the Postal Ballot. The same is informed to the Stock Exchanges.

The following resolutions were passed by Postal Ballot during the year 2011-12.

Mr. Manoj Kumar Koyalkar, PCS of M/s AGR Reddy & Co, Practicing Company Secretaries was appointed as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

On April 28, 2012 :

- a. Ordinary Resolution for Increase in borrowing limits of the company up to ₹ 7,500.00 Crores as per Section 293 (1) (d) of the Companies Act, 1956 was passed with requisite majority. The Details of the voting pattern are as under

Promoter/ Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	1	2	(3)=[(2)/(1)]*100	4	5	(6)= [(4)/(2)]*100	(7)= [(5)/(2)]*100
Promoter and Promoter Group	38216217	37773967	98.84	37773967	-	100	-
Public-Institutional holders	5303795	1063116	20.04	1063116	-	100	-
Public-Others	13677779	4340018	31.73	4337312	2290	99.94	0.05
<b>Total</b>	<b>57197791</b>	<b>43177101</b>	<b>75.49</b>	<b>43174395</b>	<b>2290</b>	<b>99.99</b>	<b>0.01</b>

- b. Ordinary Resolution for Creation of charge/security on the movable/immovable assets of the Company pursuant to section 293 (1) (a) of the Companies Act, 1956 was passed with Requisite majority. The Details of the voting pattern are as under

Promoter/ Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	1	2	(3)=[(2)/(1)]*100	4	5	(6)= [(4)/(2)]*100	(7)= [(5)/(2)]*100
Promoter and Promoter Group	38216217	37773967	98.84	37773967	-	100	-
Public - Institutional holders	5303795	1063116	20.04	1063116	-	100	-
Public-Others	13677779	4339976	31.73	4337200	2402	99.94	0.06
<b>Total</b>	<b>57197791</b>	<b>43177059</b>	<b>75.49</b>	<b>43174283</b>	<b>2402</b>	<b>99.99</b>	<b>0.01</b>

- iv. No Special Resolution is proposed to be passed through a Postal Ballot at the ensuing Annual General Meeting.

## 7. DISCLOSURES

- (i) There are no significant related party transactions with the Company's Promoters, Directors, the Management or relatives that may have potential conflict with the interest of the Company at large.

Related party transactions have been disclosed in Notes to the Annual Accounts (Refer Notes to financial statements 2.31).

- (ii) The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as the regulations and guidelines of SEBI. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years. The company was listed on the exchanges on October 8, 2010.
- (iii) The information on Directors seeking appointment/re-appointment is provided in the notes to the notice of the Annual General Meeting under the heading "Additional information on Directors seeking Appointment/Re-appointment at the ensuing Annual General Meeting".
- (iv) The Board has also constituted a committee named as "Board Committee" for undertaking the regular/day to day business activities. The following are the members of the Committee:

Mr. Y.R. Nagaraja Chairman

Mr. A. Ayodhya Rami Reddy Member

The minutes of the Committee meetings are placed before every Board meeting for its approval/ confirmation.

- (v) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.
- (vi) The Company has not adopted any of the non-mandatory requirements except the remuneration committee as mentioned in Annexure ID of Clause 49 of the Listing Agreement.
- (vii) The shareholding of the Non -Executive Directors in the Company as on March 31, 2012 is as under:

Dr. Archana Niranjana Hingorani 210 Equity Shares

- (viii) As required under Clause 49 VII of the Listing Agreement, the practising company secretary certificate is given as an annexure to the Directors' Report.
- (ix) As required under Clause 49 I D ii of the Listing Agreement, the declaration issued by the Managing Director is provided in the Annual Report.

## 8. MEANS OF COMMUNICATION

- (i) The Company does not send the quarterly results to each household of shareholders. The quarterly, half yearly, and annual results are intimated to the stock exchanges and also are published in prominent daily newspapers such as 'Financial Express(English) & Andhra Prabha or Andhra Boomi (Telugu).
- (ii) The Company posts all the vital information relating to the Company and its performance/results including the press releases on its web site [www.ramkyinfrastructure.com](http://www.ramkyinfrastructure.com) for the benefit of the shareholders and public at large.
- (iii) The presentations made to the investors are also uploaded on the website of the company.
- (iv) The Management Discussion and Analysis Report is attached and forms part of the Annual Report.

## 9. GENERAL SHAREHOLDER INFORMATION

<b>i. 18<sup>th</sup> Annual General Meeting</b>	Date : August 14, 2012 Time : 3.00 P.M. Venue : K.L.N. Prasad Auditorium, 3rd Floor, Federation House, FAPCCI Marg, 11-6-841, Red Hills, Hyderabad - 500 004
<b>ii. Financial Year</b>	April 1 to March 31
<b>iii. Date of Book Closure</b>	August 10, 2012 to August 14, 2012 (both days inclusive)
<b>iv. Listing on Stock Exchanges</b>	National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex Bandra (East), Mumbai - 400 051 Bombay Stock Exchange Limited (BSE) P.J. Towers, Dalal Street, Mumbai - 400 001
<b>v. Stock Code/Symbol</b>	NSE : RAMKY EQ BSE : 533262/RAMKY EQ
<b>vi. Annual Listing Fees to Stock Exchanges (NSE/BSE)</b>	Listing Fees as applicable have been paid.



#### vii. Green Initiative for Paperless Communications

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. In accordance with the recent circular bearing no.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 issued by the Ministry of Corporate Affairs, Companies can now send various notices/documents to their shareholders through electronic mode to the registered e-mail addresses of the shareholders. This is a golden opportunity for every shareholder of the Company to contribute to the Corporate Social Responsibility initiative of the Company.

This move by the Ministry is a welcome move, since it will benefit the society at large through reduction in paper consumption and contribution towards a greener environment. Additionally, it will avoid loss in postal transit, save time, energy and costs.

Pursuant to the said circular, the company has forwarded e-mail communication on June 13, 2011 to all share holders whose email id were registered in the Depository records that the company intends to use the said e-mail id to send various Notices/Correspondences etc after providing advance opportunity to register their e-mail address with the Company or Depository Participant and changes therein from time to time.

By Understanding the underlying theme of the above circulars, to support this green initiative of the Government in full measure, the company hence forth proposes to send documents like notice convening general meetings, financial statements, directors reports, auditor's report etc for the year ended March 31, 2012 onwards, to the email address registered with the depositories by the share holders holding shares in electronic form and for shareholders holding shares in physical form with the Registrar and Share transfer Agents of the Company.

In this regard, we request share holders who have not registered their email addresses, so far to register their email addresses, in respect of electronic holding with depository through their concerned depository participants and members holding shares in physical form are requested to register the same with Karvy Computershare Private Limited, Registrar and Share Transfer Agents of the company.

#### viii. Market Price Data

The monthly high/low prices of shares of the Company and number of shares traded during each month on NSE & BSE are given below:

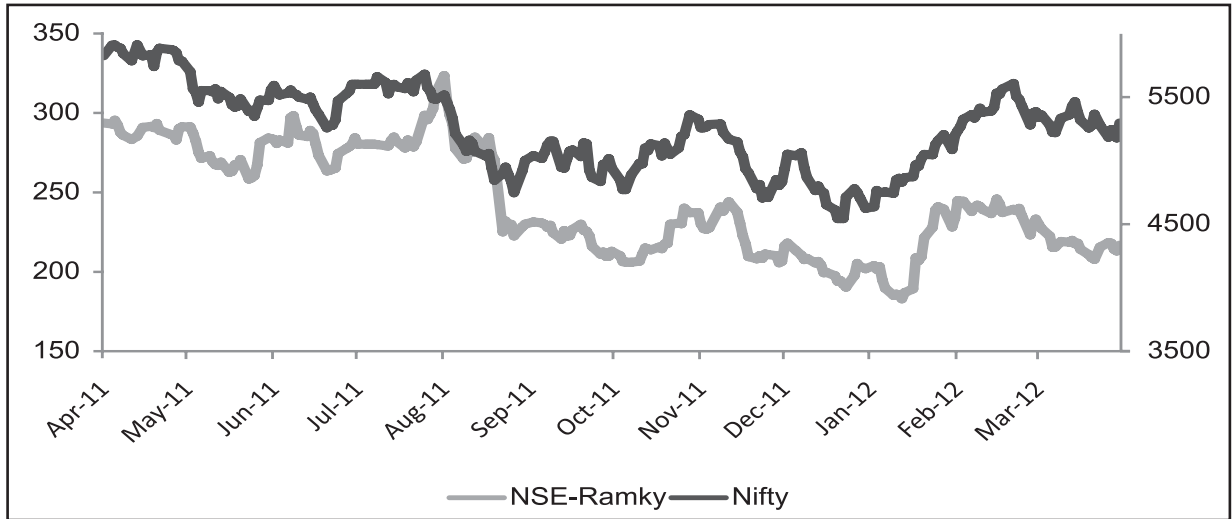
Month & year	Price		Index		Total number of shares traded
	NSE		Nifty		
	High (₹)	Low (₹)	High	Low	
April 2011	295.45	282.95	5911.50	5729.10	166083
May 2011	291.30	258.40	5687.70	5328.70	110102
June 2011	298.35	263.50	5647.40	5257.90	589688
July 2011	312.65	272.45	5728.95	5482.00	392221
August 2011	323.55	222.65	5516.80	4747.80	631318
September 2011	231.45	209.70	5153.25	4835.40	306624
October 2011	240.10	206.00	5360.70	4751.30	109122
November 2011	244.05	205.70	5289.35	4706.45	86375
December 2011	218.10	190.40	5062.60	4544.20	196100
January 2012	240.95	183.00	5204.70	4636.75	1040819
February 2012	245.85	223.25	5607.15	5235.70	200009
March 2012	230.10	207.85	5463.90	5178.85	212632

Source: www.nseindia.com

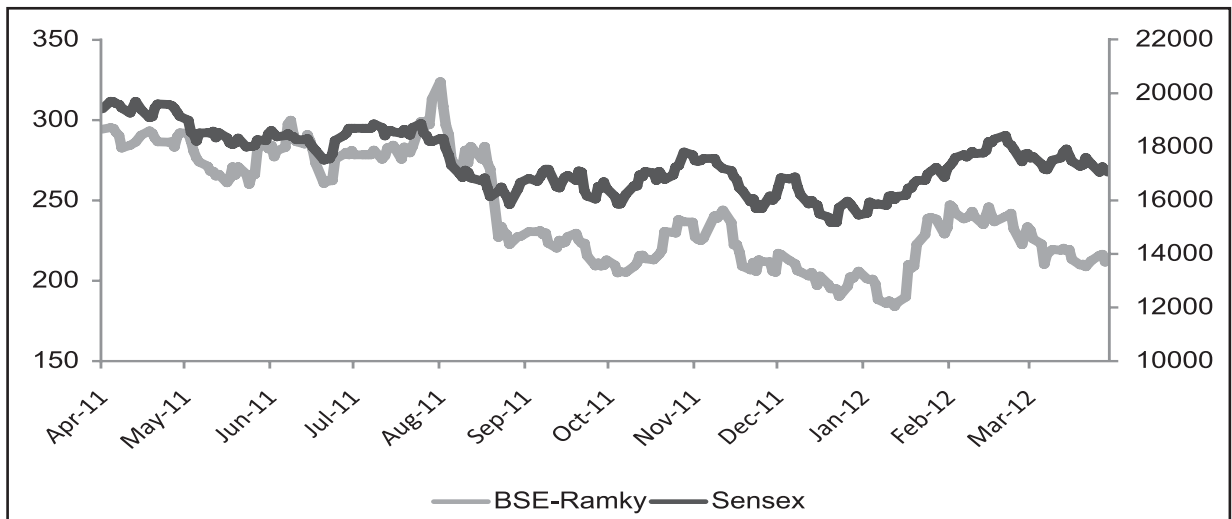
Month & year	Price		Index		Total number of shares traded
	BSE		Sensex		
	High (₹ )	Low (₹ )	High	Low	
April 2011	295.30	282.60	19701.73	19091.17	73447
May 2011	291.85	258.15	18954.76	17786.13	36952
June 2011	298.65	260.55	18845.87	17506.63	291226
July 2011	313.10	272.55	19078.30	18197.20	94120
August 2011	323.90	222.60	18314.33	15848.83	286464
September 2011	231.20	209.20	17165.54	16051.10	276586
October 2011	239.25	205.25	17804.80	15792.41	50279
November 2011	242.15	205.25	17569.53	15695.43	41485
December 2011	217.10	190.30	16877.06	15175.08	76750
January 2012	240.10	184.00	17233.98	15517.92	239303
February 2012	247.75	222.50	18428.61	17300.58	66182
March 2012	231.55	208.75	17919.30	17052.78	53892

Source: www.bseindia.com

**Ramky Infra share price movement vis-a-vis NSE Nifty**



**Ramky Infra share price movement vis-a-vis BSE Sensex**



**ix. Registrars and Share Transfer Agents**

The Company has engaged the services of M/s. Karvy Computershare Private Limited, Hyderabad, as the Registrars and Share Transfer Agents for both physical and electronic segment and can be contacted by the Investors at the following address:

**Karvy Computershare Private Limited**

Plot no. 17-24, Vithalrao Nagar,  
Madhapur, Hyderabad 500 081,  
Andhra Pradesh.

Telephone: +91 40 44655000 Fax : +91 40 23420814

Email: einward.ris@karvy.com

**x. Share Transfer System**

The Company's shares are traded in the Stock Exchanges compulsorily in demat form. The Share Transfer Committee approves the transfer of shares in the physical form and the share transfers are registered and returned within the stipulated time, if the documents are clear in all respects.

**xi. Capital Build up during the Financial Year**

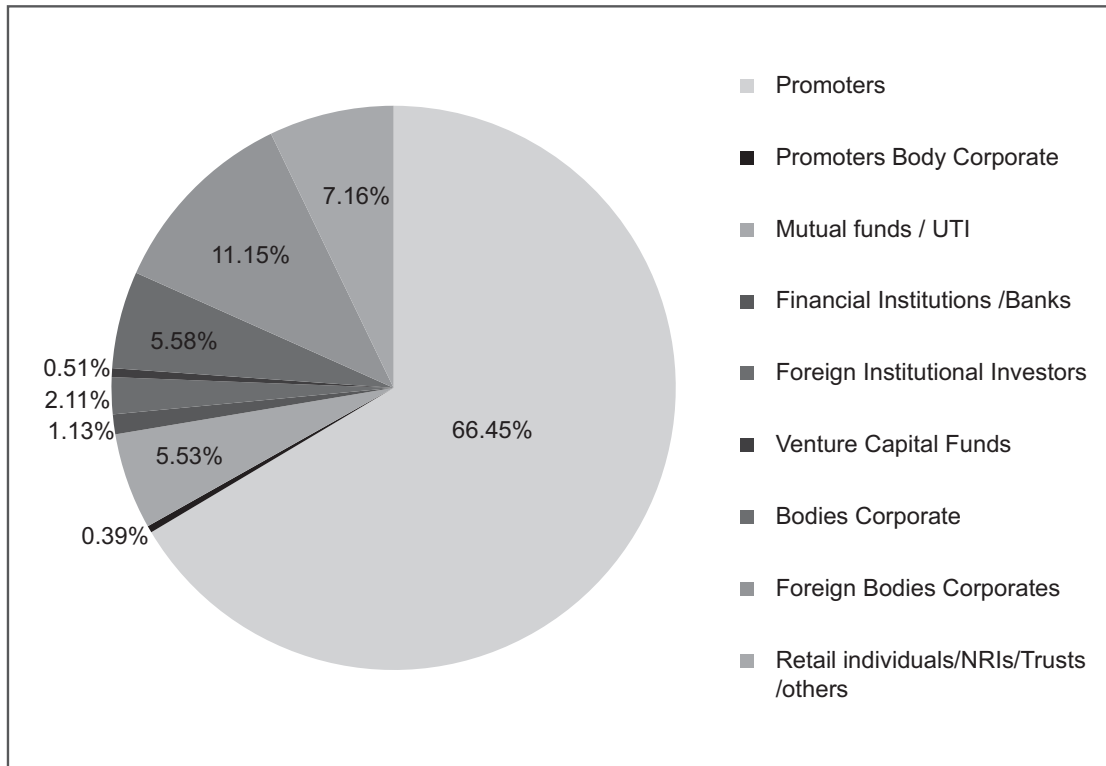
During the year under review there is no change in the Authorised and Paid Up capital of the Company:

**xii. Distribution of Shareholding as on March 31, 2012**

Category (Shares)	Number of Shareholders	Total shares	Amount (₹ )	% of Amount
1 - 5000	19585	1862609	18626090	3.26
5001 - 10000	215	164209	1642090	0.29
10001 - 20000	104	151038	1510380	0.26
20001 - 30000	47	119613	1196130	0.21
30001 - 40000	17	58566	585660	0.10
40001 - 50000	11	52759	527590	0.09
50001 - 100000	30	220007	2200070	0.38
100001 & Above	81	54568990	545689900	95.40
<b>Total</b>	<b>20090</b>	<b>57197791</b>	<b>571977910</b>	<b>100</b>

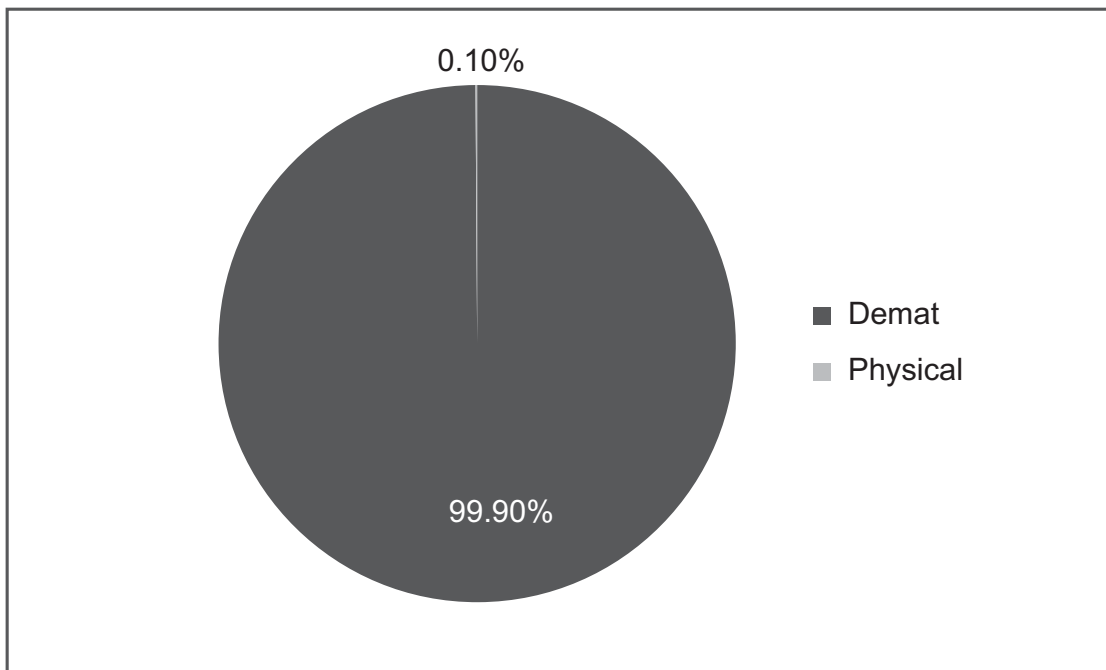
**xiii. Share holding pattern of the company as on March 31, 2012**

Category	No. of shares held	Percentage of shareholding
Promoters	38005455	66.45
Promoters Body Corporate	225000	0.39
Mutual funds/UTI	3160226	5.53
Financial Institutions/Banks	648866	1.13
Foreign Institutional Investors	1205657	2.11
Venture Capital Funds	289356	0.51
Bodies Corporate	3189967	5.58
Foreign Bodies Corporate	6378391	11.15
Retail individuals/NRIs/Trusts/others	4094873	7.16
<b>Total</b>	<b>57197791</b>	<b>100.00</b>



**xiv. Dematerialisation of Shares and liquidity:**

As on March 31, 2012, 5,71,41,239 shares representing 99.90% were held in dematerialised form. The balance 56,552 shares representing 0.10% were in physical form.



The Company's shares are compulsorily traded in dematerialised form and are regularly traded on NSE and BSE. The ISIN Number allotted for the Equity shares is INE874I01013.

**xv. Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity:**

As on March 31, 2012, there were no outstanding GDRs/ADRs/Warrants or any Convertible Instruments of the Company.

**xvi. Unclaimed dividend**

In terms of section 205A and 205C of the Companies Act, 1956, the company is required to transfer the amount of dividend remaining unclaimed for a period of 7 years from the due date of payment to the Investor Education and Protection fund (IEPF). Share holders are requested to ensure that they claim the dividends from the company before transfer to the IEPF.

For the financial year 2010-11, the company has declared dividend of ₹ 4.5 per equity share. As of March 31, 2012, ₹ 4,06,181 is the unpaid/unclaimed Dividend lying in the unclaimed dividend account. The following table gives the information relating to the outstanding dividend accounts and the dates by which they can be claimed by the share holders.

Financial Year	Date of Declaration	Date of Payment	Last Date for claiming unpaid Dividend.
2010-11	12 August 2011	05 September 2011	11August 2018

**xvii. Regional offices**

The Company operates from various work sites spread across the country and the operations are centralised at the Registered/ Corporate office at 6-3-1089/G/10 & 11, 1<sup>st</sup> Floor, Gulmohar Avenue, Rajbhavan Road, Somajiguda, Hyderabad - 500 082 and through various zonal offices situated at:

<b>SOUTH ZONE</b>	#6-3-1090/B/1, 3rd Floor, Lake Shore Towers, Rajbhavan Road Somajiguda,Hyderabad- 500 082
<b>WEST ZONE</b>	#213-216, Super Plaza, Near Sandesh Press Road, Vastrapur, Ahmedabad-380054.
<b>EAST ZONE</b>	#21/1A/3, Jindal Towers, Block - A, 4th Floor, Darga Road, Kolkata-700017.
<b>NORTH ZONE</b>	#C-D-E, 6th Floor, 15 Hansalaya Building, Barakhamba Road Connaught Palace, New Delhi - 110001
<b>CENTRAL ZONE - BHOPAL</b>	#Hall No:1, North Block, GTB Complex, New Market , TT Nagar, Bhopal-462 003.
<b>OVERSEAS OFFICES</b>	<b>Sharjah</b> Ramky Engineering and Consulting Services FZC Executive Desk : Q1-07 - 121/C PO Box No. 120437 Sharjah - United Arab Emirates  <b>Gabon, West Africa.</b> Ramky Engineering and Consulting Services Ancien Sobraga (en face de la Clinique union medicale) Libreville, Gabon , West Africa  <b>Peru</b> Ramky Infrastructure Sociedad Anonima Cerradada Calle Andreas Vesalio 777, San Borja (Lima 41)

**xviii. Address for Correspondence: Investor correspondence may be addressed to:**

**a. for Physical/Demat mode**

M/s. Karvy Computershare Private Limited  
Plot no. 17-24, Vithalrao Nagar, Madhapur,  
Hyderabad - 500 081,  
Andhra Pradesh.  
Phone: +91 40 44655000  
Fax : +91 40 23420814  
Email: einward.ris@karvy.com

**b. for correspondence to the Company**

The Company Secretary,  
Ramky Infrastructure Limited,  
6-3-1089/G/10&11, 1<sup>st</sup> Floor, Gumlohar Avenue,  
Rajbhavan Road, Somajiguda,  
Hyderabad - 500 082  
Phone: +91 40 23310091  
Fax : +91 40 23302353  
Email: investors@ramky.com

#### **xix. Code of Conduct for Board of Directors and Senior Management**

The code has been circulated to all the members of the board and Senior Management and the compliance of the same has been affirmed by them. A Declaration signed by the Managing Director is furnished here under.

A copy of the Code of Conduct applicable for the Board and Senior Management has been placed on the Web site of the company viz [www.ramkyinfrastructure .com](http://www.ramkyinfrastructure.com).

#### **xx. Details of unclaimed shares**

SEBI vide its Circular No.CIR/CFD/DIL/10/2010 dated December 16, 2010 amended the listing agreement entered into with Stock Exchanges wherein under Clause 5A, the Company is required to open an unclaimed suspense account with a depository participant and transfer all the unclaimed share certificates of members after giving three reminders.

As on March 31, 2012 your Company has 5,71,41,239 equity shares in dematerialised form and 56,552 equity shares in physical mode. There are no shares pending credit to the members. Hence, the balance in the unclaimed suspense account is nil.

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### **Declaration**

As stipulated under Clause 49 I D (ii) of the Listing Agreement, the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended March 31, 2012.

Hyderabad  
May 29, 2012

**Y.R. Nagaraja**  
Managing Director

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### **CEO and CFO Certificate**

We, Y.R.Nagaraja, Managing Director and R.S.Garg, Chief Financial Officer of Ramky Infrastructure Limited certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2012 and that to the best of our knowledge and belief :
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

Hyderabad  
May 29, 2012

**Y.R. Nagaraja**  
Managing Director

**R.S. Garg**  
Chief Financial Officer

# Certificate on Corporate Governance

To the Members of  
**Ramky Infrastructure Limited**  
6-3-1089/G/10 & 11, 1st Floor  
Gulmohar Avenue, Rajbhavan Road  
Somajiguda, Hyderabad 500082

We have examined the compliance of conditions of Corporate Governance by Ramky Infrastructure Limited ("the Company") for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **AGR Reddy & Co.**  
Company Secretaries

**Manoj Kumar Koyalkar**  
C.P.No. 10004

Hyderabad, May 29, 2012

# Auditors' Report

To the Members of  
Ramky Infrastructure Limited

1. We have audited the attached balance sheet of Ramky Infrastructure Limited ("the Company") as at 31 March 2012, the statement of profit and loss and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of 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 statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) *subject to our comments in paragraph (f) below*, in our opinion, the balance sheet, the statement of profit and loss 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, to the extent applicable;

- (e) on the basis of written representations received from the directors, as at 31 March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 on the said date;
- (f) *we draw attention to note 2.35 to the financial statements, wherein deductions claimed by the Company under Section 80-IA (4) of Income Tax Act, 1961 in its returns of income relating to assessment years 2003-04 to 2011-12 amounting to ₹ 66.56 crores have now been provided for by directly debiting the surplus in statement of profit and loss account balance under "Reserves and Surplus" rather than debiting these amounts to the statement of profit and loss for the year ended 31 March 2012 as required by Accounting Standard-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". Had this provision been charged to the statement of profit and loss for the current year, the profit after tax for the year would reflect as ₹ 77.12 crores as compared to the reported profit after tax of ₹ 143.68 crores. Further, the basic and diluted EPS for the current year would be ₹ 13.48 per share compared to the reported EPS of ₹ 25.12 per share; and*
- (g) *except for effects of the matter described in paragraphs (d) and (f) above*, 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 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 31 March 2012;
  - (ii) in the case of the statement of profit and loss, 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.

for **B S R & Co.**  
Chartered Accountants  
Firm's Registration No: 101248W

**Zubin Shekary**  
Partner  
Membership No.: 048814  
Hyderabad  
29 May 2012

for **Visweswara Rao & Associates**  
Chartered Accountants  
Firm's Registration No: 005774S

**S V R Visweswara Rao**  
Partner  
Membership No.: 029088



## Annexure to the Auditors' report

Annexure referred to in our report to the members of Ramky Infrastructure Limited ("the Company") for the year ended 31 March 2012. We report that:

- |   |  |
|---|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year. No material discrepancies were noticed on such verification.</p> <p>(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.</p> <p>(ii) (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable.</p> <p>(b) The procedures for the physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.</p> <p>(iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses 4(iii)(a) to 4(iii)(g) of the Order are not applicable to the Company.</p> <p>(iv) 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 inventories, fixed assets and sale of services. The business of the Company does not involve sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.</p> | <p>(v) (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.</p> <p>(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹ 5 lakh with each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for work performed in respect of civil, turnkey contracts and related contract consultancy services which are for the specialised requirements of buyer for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided to us, the same appears reasonable.</p> <p>(vi) The Company has not accepted any deposits from the public.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government of India for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However we have not made a detailed examination of the records.</p> <p>(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities, though there has been a slight delay in a few cases. As explained to us, the Company did not have any dues on account of Excise duty.</p> |
|---|--|

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty and other material statutory dues that were in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Customs duty and Wealth tax which have not been deposited with the appropriate authorities on account of any dispute. However, the Company disputes the dues in respect of Sales tax, Service tax and Income tax as set out in Appendix 1.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or any financial institutions during the year. The Company did not have any outstanding debentures or dues to any financial institutions during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund / nidhi/mutual benefit fund/society.

*for B S R & Co.*  
*Chartered Accountants*  
Firm's Registration No: 101248W

**Zubin Shekary**  
*Partner*  
Membership No.: 048814  
Hyderabad  
29 May 2012

- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interests of the Company.
- (xvi) According to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) During the year the Company has not raised any money by public issue. We have verified the end use of funds raised by public issue during the previous year as disclosed in note 2.36 to the financial statements.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

*for Visweswara Rao & Associates*  
*Chartered Accountants*  
Firm's Registration No: 005774S

**S V R Visweswara Rao**  
*Partner*  
Membership No.: 029088

## Appendix 1 as referred to in Para ix (b) of Annexure to the Auditors' Report

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
<b>General sales tax/Value added tax</b>				
Andhra Pradesh General Sales Tax Act, 1957	Tax	1,740,746 (906,633)*	2001-02	Appeal filed with High Court of Andhra Pradesh.
Andhra Pradesh General Sales Tax Act, 1957	Tax	9,065,397 (4,532,699)*	2002-03	Sales Tax Appellate Tribunal, Hyderabad.
Andhra Pradesh Value Added Tax Act, 2005	Tax	7,064,549 (23,356,058)*	2005-09	Sales Tax Appellate Tribunal, Hyderabad.
Andhra Pradesh Value Added Tax Act, 2005	Tax	27,199,309	2005-09	Commercial Tax Officer, Hyderabad.
Andhra Pradesh Value Added Tax Act, 2005	Interest and penalty	21,447,125 (1,945,483)*	2005-09	Commercial Tax Officer, Hyderabad.
Andhra Pradesh Value Added Tax Act, 2005	Tax and interest	87,546,525 (85,080,660)*	2005-08	Commercial Tax Officer, Hyderabad.
Andhra Pradesh Value Added Tax Act, 2005	Tax	44,085,191 (8,666,360)*	2007-10	Appellate Deputy Commissioner
Andhra Pradesh Value Added Tax Act, 2005	Penalty	11,021,298	2007-10	Commercial Tax Officer, Hyderabad.
Karnataka Value Added Tax Act, 2003	Tax	8,759,830 (8,759,830)*	2004-06	Sales Tax Appellate Tribunal, Bangalore
The Punjab Value Added Tax Act, 2005	Tax	2,198,812	2005-07	Deputy Excise and Taxation Commissioner (Appeals), Punjab
West Bengal Value Added Tax Act, 2003	Tax	8,255,424	2005-06	Commercial Tax Officer, Kolkata.
West Bengal Value Added Tax Act, 2003	Tax	25,078,273	2006-07	West Bengal Sales Tax Tribunal, Kolkata
<b>Service Tax</b>				
Finance Act, 1994	Tax	30,502,660	2004-07	Central Excise & Service Tax Tribunal(CESTAT), Bangalore
Finance Act, 1994	Tax	74,341,004 (35,570,924)*	2004-07	Commissioner of Customs, Central Excise & Service Tax (CCCE&S), Hyderabad.
Finance Act, 1994	Tax	7,982,189	2004-07	CESTAT, Kolkata
Finance Act, 1994	Tax	256,289	2004-07	CCCE&S, Ahmadabad.
Finance Act, 1994	Tax	71,133,154	2007-09	CESTAT, Bangalore
Finance Act, 1994	Tax	37,821,891	2009-11	CCCE&S, Hyderabad.
Finance Act, 1994	Tax and penalty	442,346,138 (26,756,523)*	2004-08	CCCE&S, Bangalore.
Finance Act, 1994	Tax	1,987,370 (110,588)*	2005-08	Asst. Commissioner (Audit), Service Tax Cell, Visakhapatnam
Finance Act, 1994	Tax and Penalty	142,606,046	2007-09	CESTAT, Kolkata
Finance Act, 1994	Tax	377,246	2007-08	CCCE&S (Appeals), Chennai.

**Appendix 1 as referred to in Para ix (b) of Annexure to the Auditors' Report (Contd.)**

Name of the Statute	Nature of the dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
<b>Service Tax (Contd.)</b>				
Finance Act, 1994	Tax	17,896,099 (7,913,167)*	2005-07	CCCE&S, Kolkata.
Finance Act, 1994	Tax	4,323,907	2007-10	Addl CCCE&S, Hyderabad.
Finance Act, 1994	Tax	8,836,619	2007-10	CCCE&S, Hyderabad.
Finance Act, 1994	Tax	28,070,720	2005-10	CCCE&S, Hyderabad.
Finance Act, 1994	Tax	13,881,404	2005-10	CCCE&S, Hyderabad.
Finance Act, 1994	Tax	10,446,547 (118,090)*	2007-10	CCCE&S, Bangalore
Finance Act, 1994	Tax	1,850,657	2010-11	Addnl CCCE&S, Hyderabad.
Finance Act, 1994	Tax	5,621,126 (5,621,126)*	2011-12	Deputy Commissioner of Customs, Mumbai.
Finance Act, 1994	Tax	44,789,432 (20,916,640)*	2007-11	CCCE&S, Chennai.
<b>Income tax</b>				
Income Tax Act, 1961	Deductions disallowed	12,619,040**	2002-03	Income Tax Appellate Tribunal
Income Tax Act, 1961	Deductions disallowed	10,537,804**	2003-04	Income Tax Appellate Tribunal
Income Tax Act, 1961	Deductions disallowed	16,064,740**	2004-05	Income Tax Appellate Tribunal
Income Tax Act, 1961	Deductions disallowed	50,777,088**	2005-06	Income Tax Appellate Tribunal
Income Tax Act, 1961	Deductions disallowed	44,426,473**	2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Deductions disallowed	64,780,599**	2007-08	Income Tax Appellate Tribunal
Income Tax Act, 1961	Deductions disallowed	124,270,337**	2008-09	Commissioner of Income Tax (Appeals)

\* The amounts in parenthesis represent the payment made under protest.

\*\* These amounts have been deducted against refund receivable.

# Balance Sheet

(₹ in Crores)

	Note	As at 31 March 2012	As at 31 March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	57.20	57.20
Reserves and surplus	2.2	909.91	831.80
		<b>967.11</b>	<b>889.00</b>
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	154.84	88.31
Deferred tax liabilities (net)	2.4	5.68	3.15
Other long-term liabilities	2.5	36.23	48.00
Long-term provisions	2.6	69.19	3.03
		<b>265.94</b>	<b>142.49</b>
<b>Current liabilities</b>			
Short-term borrowings	2.7	701.10	478.24
Trade payables	2.8	1,009.96	751.55
Other current liabilities	2.9	940.86	819.35
Short-term provisions	2.10	17.56	31.52
		<b>2,669.48</b>	<b>2,080.66</b>
		<b>3,902.53</b>	<b>3,112.15</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets:</b>			
(a) Tangible assets	2.11	410.19	332.86
(b) Intangible assets	2.11	1.88	1.56
(c) Capital work-in-progress		-	3.26
		<b>412.07</b>	<b>337.68</b>
Non-current investments	2.12	358.55	214.10
Long-term loans and advances	2.13	130.43	197.65
Other non-current assets	2.14	20.47	27.23
		<b>921.52</b>	<b>776.66</b>
<b>Current assets</b>			
Inventories	2.15	697.63	361.39
Trade receivables	2.16	1,704.70	1,495.39
Cash and bank balances	2.17	72.94	99.86
Short-term loans and advances	2.18	501.43	372.77
Other current assets	2.19	4.31	6.08
		<b>2,981.01</b>	<b>2,335.49</b>
		<b>3,902.53</b>	<b>3,112.15</b>
<b>Significant accounting policies and Notes to accounts</b>	1 & 2		

The notes referred to above form an integral part of the financial statements

As per our joint report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

for **Visweswara Rao & Associates**

Chartered Accountants

Firm's Registration No: 005774S

for **Ramky Infrastructure Limited**

**Zubin Shekary**

Partner

Membership No.: 048814

**S V R Visweswara Rao**

Partner

Membership No.: 029088

**A Ayodhya Rami Reddy**

Executive Chairman

**Y R Nagaraja**

Managing Director

Hyderabad

29 May 2012

**R S Garg**

Chief Financial Officer

**V Phanibhushan**

Company Secretary

# Statement of Profit and Loss

(₹ in Crores)

	Note	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>INCOME:</b>			
Revenue from construction activities		3,094.25	2,730.52
Other income	2.20	37.50	13.95
<b>Total income</b>		<b>3,131.75</b>	<b>2,744.47</b>
<b>EXPENSES:</b>			
Change in contract work-in-progress		(283.35)	21.15
Contract expenses	2.21	2,819.61	2,270.04
Employee benefits expense	2.22	126.15	106.55
Finance costs	2.23	117.71	68.89
Depreciation and amortization expense	2.11	29.09	19.27
Other expenses	2.24	109.14	46.40
<b>Total expenses</b>		<b>2,918.35</b>	<b>2,532.30</b>
<b>Profit before tax</b>		<b>213.40</b>	<b>212.17</b>
<b>Tax expense</b>			
- Current tax		67.19	50.99
- Deferred tax	2.4	2.53	3.82
		<b>69.72</b>	<b>54.81</b>
<b>Profit after tax</b>		<b>143.68</b>	<b>157.36</b>
<b>Earnings per equity share - par value of ₹ 10 per share</b>	2.28		
- Basic and diluted		<b>25.12</b>	<b>29.57</b>
<b>Significant accounting policies and Notes to accounts</b>	1 & 2		

The notes referred to above form an integral part of the financial statements

As per our joint report of even date attached

for **B S R & Co.**  
Chartered Accountants  
Firm's Registration No: 101248W

for **Visweswara Rao & Associates**  
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Managing Director

Hyderabad  
29 May 2012

**R S Garg**  
Chief Financial Officer

**V Phanibhushan**  
Company Secretary

# Cash Flow Statement

(₹ in Crores)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	213.40	212.17
Adjustments:		
Depreciation and amortization expense	29.09	19.27
Interest expenses	95.11	56.78
Provision for doubtful trade receivables	14.49	3.35
Provision for foreseeable loss	8.50	-
Provision for doubtful loans and advances	6.92	-
Loss on sale of fixed assets, net	0.52	0.38
Interest income	(11.08)	(6.65)
Liabilities no longer required written back	(9.61)	-
Dividend income	(6.13)	(0.01)
Loss on foreign currency transactions and translation	2.22	0.47
<b>Operating profit before working capital changes</b>	<b>343.43</b>	<b>285.76</b>
Increase in inventories	(336.24)	(30.52)
Increase in trade receivables	(215.21)	(719.97)
Increase in loans and advances	(145.54)	(194.14)
Increase in liabilities and provisions	380.69	606.11
<b>Cash generated from/(used in) operations</b>	<b>27.13</b>	<b>(52.76)</b>
Income taxes paid	(40.62)	(57.63)
<b>Net cash used in operating activities</b>	<b>(13.49)</b>	<b>(110.39)</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(106.29)	(218.92)
(Increase)/Decrease in capital advances	3.91	(27.64)
Increase in capital creditors	2.33	0.81
Proceeds from sale of fixed assets	2.29	0.22
Purchase of investments	(93.55)	(167.19)
Proceeds from sale of investments	-	0.03
Interest received	12.85	3.50
Dividend income	6.13	0.01
<b>Net cash used in investing activities</b>	<b>(172.33)</b>	<b>(409.18)</b>

(Contd.)

**Cash Flow Statement (Contd.)**

(₹ in Crores)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Cash flows from financing activities:</b>		
Proceeds from issue of share capital	-	350.00
Share issue expenses	(0.10)	(14.41)
Proceeds from term loans	135.00	60.00
Repayment of term loans	(75.00)	(57.61)
Net proceeds from short-term borrowings	245.64	63.54
Proceeds from/(repayment of) unsecured loan	(25.00)	31.78
Hypothecation loans taken	43.01	141.28
Hypothecation loans repaid	(45.01)	(39.42)
Interest paid	(90.72)	(54.14)
Dividend and dividend distribution tax paid	(28.92)	-
<b>Net cash provided by financing activities</b>	<b>158.90</b>	<b>481.02</b>
Net decrease in cash and bank balances	(26.92)	(38.55)
Cash and bank balances at the beginning of the year (refer note)	99.86	138.41
<b>Cash and bank balances at the end of the year (refer note)</b>	<b>72.94</b>	<b>99.86</b>
<b>Note:</b>		
Cash and bank balances comprise:		
<b>Cash and cash equivalents</b>		
Cash on hand	0.36	0.49
Cheques on hand	0.01	8.38
Balances with banks:		
- in current accounts	19.12	22.12
- in deposit accounts	6.62	24.35
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months*	46.82	44.52
Balances with bank for unclaimed dividend	0.01	-
	<b>72.94</b>	<b>99.86</b>

\* Includes amount of ₹ 46.10 crores (previous year: ₹ 25.22 crores) held as margin money or security deposit against bank guarantees and other commitments.

As per our joint report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

for **Visweswara Rao & Associates**

Chartered Accountants

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**A Ayodhya Rami Reddy**

Executive Chairman

**Y R Nagaraja**

Managing Director

Hyderabad  
29 May 2012

**R S Garg**  
Chief Financial Officer

**V Phanibhushan**  
Company Secretary



# Notes to financial statements

## Company overview

Ramky Infrastructure Limited (RIL) is an integrated construction, infrastructure development and management company headquartered in Hyderabad, India. The Company diversified in a range of construction and infrastructure projects in various sectors such as water and waste water, transportation, irrigation, industrial construction and parks (including SEZs), power transmission and distribution, and residential, commercial and retail property. A majority of the development projects of the Company are based on Public-Private partnerships (PPP) and are operated by separate Special Purpose Vehicles (SPV) promoted by RIL, joint venture partners and respective Governments.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Basis of preparation of financial statements

The financial statements of Ramky Infrastructure Limited ("RIL" or "the Company") have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, as amended, the provisions of Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India (ICAI) and guidelines issued by Securities and Exchange Board of India. The financial statements are presented in Indian rupees crores, unless otherwise stated.

### 1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

### 1.3 Inventories

- (i) Inventories are carried at the lower of cost and net realisable value.
- (ii) Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The method of determination of cost is as follows:
  - (a) **Materials and supplies:** on a weighted average method.
  - (b) **Contract work-in-progress:** Work-in-progress for projects under execution as at balance sheet date

are valued at cost less provision, if any, for estimated losses. The costs of projects in respect of which revenue is recognised under the Company's revenue recognition policies but have not been billed are adjusted for the proportionate profit recognised. The cost comprises of expenditure incurred in relation to execution of the project. Provision for estimated losses, in any, on uncompleted contracts are recorded in the period in which such losses become probable based on current estimates.

### 1.4 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

### 1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

### 1.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

Revenue from long term construction contracts is recognised on the percentage of completion method as mentioned in Accounting Standard (AS) 7 "Construction contracts" notified by the Companies Accounting Standards Rules, 2006. Percentage of completion is determined on the basis of physical proportion of work completed and measured at the balance sheet date as compared to the overall work to be performed on the projects as in the opinion of the management, this method measures the work performed reliably. However, profit is not recognised unless there is reasonable progress on the contract. Where the probable total cost of a contract is expected to exceed the corresponding contract revenue, such expected loss is provided for.

The Company builds infrastructure facilities (roads) under public-to-private Service Concession Arrangements (SCAs) which it operates and maintains for periods specified in the SCAs. These projects that are in the nature of 'Build Operate and Transfer' (BOT) meet the characteristics of a public-to-private service concession arrangement. The Company

## Notes to financial statements

### Note 1: Significant accounting policies (Contd.)

recognises and measures revenue in accordance with Accounting Standard (AS) 7 'Construction Contracts' and Accounting Standard (AS) 9 'Revenue Recognition' for the construction or upgrade and operating and maintenance services it performs under the contract or arrangement as prescribed in the Exposure Draft Guidance note on Accounting for Service Concession Arrangements.

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor. The Company recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from the grantor for the construction and operation and maintenance services. Such financial assets are classified as "Receivables under Service Concession Arrangements". Interest incomes arising on account of the Receivables under Service Concession Arrangements are recognised in the statement of profit and loss using the effective interest rate method.

The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the recoverable amount. The Company recognises intangible asset to the extent that it has an unconditional contractual right to receive toll charges from the users of the facilities developed by the Company. Such intangible assets are classified as "Concession intangible assets" and shown under the head fixed assets.

Dividend income is recognised when the unconditional right to receive the payment is established. Interest income is recognised on the time proportionate method taking into account the amount outstanding and the rate applicable.

#### 1.7 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes purchase price, non-refundable taxes, duties, freight and other incidental expenses related to the acquisition or installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. In the opinion of the Management, the rates specified in Schedule XIV reflect the economic useful lives of these assets. Intangible assets are amortised on straight-line basis over their estimated useful lives not exceeding ten years from the date when the assets is available for use.

Depreciation is calculated on a pro-rata basis from/upto the date the assets are purchased/sold. Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

#### 1.8 Foreign exchange transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year-end rates. The resultant exchange differences are recognised in the statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

#### 1.9 Derivative instruments and hedge accounting

The Company uses foreign exchange forward contracts to mitigate its risk of changes in foreign currency exchange rates and does not use them for trading or speculative purposes.

The premium or discount on foreign exchange forward contracts is amortized as income or expense over the life of the contract. The exchange difference is calculated and recorded in accordance with AS-11 (revised). The exchange difference on such a forward exchange contract is calculated as the difference of the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.

#### 1.10 Investments

Long-term investments are carried at cost less any other than temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

#### 1.11 Employee benefits

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss on accrual basis.

Contributions to superannuation fund, which is a defined contribution scheme, are made at pre-determined rates to the Life Insurance Corporation of India on a monthly basis.

Employee gratuity and long term compensated absences, which are defined benefit schemes, are accrued based on actuarial valuation at the balance sheet date, carried out by

## Notes to financial statements

### Note 1: Significant accounting policies (Contd.)

an independent actuary and are charged to statement of profit and loss. All actuarial gains and losses arising during the year are recognised in the statement of profit and loss.

#### 1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition/construction of the qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.13 Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### 1.14 Earnings per share

The basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

#### 1.15 Taxation

Income tax expense comprises current tax, deferred tax and Minimum Alternative Tax.

##### *Current tax*

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

##### *Deferred tax*

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written-down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

##### *Minimum Alternate Tax (MAT) Credit entitlement*

Minimum Alternative Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only

when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### 1.16 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost.

#### 1.17 Accounting for interest in joint ventures

In respect of work sharing joint venture arrangements revenues, expenses, assets, liabilities and contingent liabilities are accounted for in the Company's books to the extent work is executed by the Company.

In respect of jointly controlled entities, the share of profits or losses is accounted as and when dividend/share of profit or loss is declared by the entities.

#### 1.18 Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.1 Share Capital</b>		
<b>Authorised capital</b>		
70,000,000 (previous year : 70,000,000) equity shares of ₹ 10 each	70.00	70.00
	<b>70.00</b>	<b>70.00</b>
<b>Issued, Subscribed and Paid-up</b>		
57,197,791 (previous year : 57,197,791) equity shares of ₹ 10 each, fully paid-up	57.20	57.20
	<b>57.20</b>	<b>57.20</b>

i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Equity Shares:</b>		
<b>(a) Number of shares:</b>		
Shares outstanding at the beginning of the year	57,197,791	49,420,014
Add: Issued and allotted during the year (refer to note 2.36)	-	7,777,777
Shares outstanding at the end of the year	<b>57,197,791</b>	<b>57,197,791</b>
<b>(b) Share capital: (₹ in crores)</b>		
Share capital outstanding at the beginning of the year	57.20	49.42
Add: Share capital issued and allotted during the year (refer to note 2.36)	-	7.78
Share capital outstanding at the end of the year	<b>57.20</b>	<b>57.20</b>

ii) Rights, preferences and restrictions attached to the equity shares:

- The Company has only one class of equity shares having par value of ₹ 10 each. Each shareholder is eligible for one vote per share held.
- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders.

iii) The details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2012	As at 31 March 2011
Alla Ayodhya Rami Reddy:		
Number of equity shares	34,295,425	34,281,187
% of holding	59.96%	59.93%
SA1 Holding Infrastructure Company Private Limited:		
Number of equity shares	4,165,884	4,165,884
% of holding	7.28%	7.28%

iv) The Company had issued 41,183,345 equity shares of ₹ 10 each during the financial year 2007-08, as fully paid bonus shares by way of capitalisation of securities premium amount.

## Notes to financial statements

## 2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.2 Reserves and surplus</b>		
<b>Securities premium account:</b>		
Balance at the beginning of the year	408.13	80.61
Add: Addition during the year (refer to note 2.36)	-	342.22
Less: Share issue expenses (refer to note 2.36)	-	14.70
<b>Balance at the end of the year</b>	<b>408.13</b>	<b>408.13</b>
<b>General Reserves:</b>		
Balance at the beginning of the year	20.00	-
Add: Transferred from surplus	-	20.00
<b>Balance at the end of the year</b>	<b>20.00</b>	<b>20.00</b>
<b>Surplus in statement of profit and loss account:</b>		
Balance at the beginning of the year	403.67	296.23
Add: Net profit after tax transferred from statement of profit and loss	143.68	157.36
Add: Excess dividend distribution tax written back	0.99	-
Less: Provision for tax of earlier years (refer to note 2.35)	66.56	-
Amount available for appropriations	<b>481.78</b>	<b>453.59</b>
<b>Less: Appropriations</b>		
Proposed dividend on equity shares (refer note given below)	-	25.74
Tax on proposed dividend	-	4.18
Transferred to general reserve	-	20.00
<b>Balance at the end of the year</b>	<b>481.78</b>	<b>403.67</b>
	<b>909.91</b>	<b>831.80</b>
<b>Note:</b> During the year ended 31 March 2011, the amount of per share dividend recognised as distributions to equity shareholders was ₹ 4.50 per share. The total dividend appropriation for the year ended 31 March 2011 amounted to ₹ 25.74 crores.		
<b>2.3 Long-term borrowings</b>		
<b>Secured loans</b>		
(refer to note 2.29)		
<b>From banks:</b>		
- Term loans	75.00	-
- Equipment and vehicle loans	23.08	30.72
<b>From others:</b>		
- Equipment and vehicle loans	56.76	57.59
	<b>154.84</b>	<b>88.31</b>

## Notes to financial statements

## 2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.4 Deferred tax liabilities (net)</b>		
Major components of deferred tax liability, net comprises the following:		
<b>Deferred tax assets:</b>		
Accrued employee benefits	1.84	1.50
Provision for doubtful receivables and advances	8.04	1.09
Other timing differences (Primarily on disallowances under Section 43B of the Income Tax Act, 1961)	7.08	7.96
<b>Deferred tax liabilities:</b>		
Excess of depreciation allowable under Income tax law over depreciation provided in accounts	22.64	13.70
	<b>5.68</b>	<b>3.15</b>
<b>2.5 Other long-term liabilities</b>		
Trade payables (refer note below)	11.73	12.69
Mobilisation and other advances	4.90	4.90
Other payables	19.60	30.41
	<b>36.23</b>	<b>48.00</b>
<b>Note:</b>		
Trade payables includes retention money payable of ₹ 2.78 crores (previous year ₹ 2.78 crores).		
<b>2.6 Long-term provisions</b>		
Provision for earlier years income tax (refer to note 2.35)	66.56	-
Provision for employee benefits:		
- Gratuity (refer to note 2.33)	1.68	0.84
- Compensated absences	0.95	2.19
	<b>69.19</b>	<b>3.03</b>
<b>2.7 Short-term borrowings</b>		
(refer to note 2.29)		
<b>Secured</b>		
<b>From banks:</b>		
<b>(a) Loans repayable on demand:</b>		
- Cash credit	242.22	267.26
<b>(b) Other than loans repayable on demand:</b>		
- Buyers credit	24.63	-
- Working capital loans	434.25	179.00
	<b>701.10</b>	<b>446.26</b>
<b>Unsecured</b>		
<b>(a) Loans repayable on demand:</b>		
- From others (corporate)	-	25.00
<b>(b) Other than loans repayable on demand:</b>		
- Buyers credit	-	6.98
	<b>701.10</b>	<b>478.24</b>

Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.8 Trade payables</b>		
<b>Trade payables:</b>		
- due to micro, small and medium enterprises (refer to note 2.34)	-	-
- due to other than micro, small and medium enterprises	1,009.96	751.55
	<b>1,009.96</b>	<b>751.55</b>
<b>Note:</b>		
Trade payables include retention money payable of ₹ 330.29 crores (previous year ₹ 233.83 crores).		
<b>2.9 Other current liabilities</b>		
<b>Current maturities of long-term debts:</b>		
(refer to note 2.29)		
<b>From bank:</b>		
- Term loans	45.00	60.00
- Equipment and vehicle loans	13.67	17.10
<b>From others:</b>		
- Equipment and vehicle loans	38.59	28.69
	<b>97.26</b>	<b>105.79</b>
Mobilisation and other advances	780.22	642.29
Security deposits received	23.17	32.18
Dues to statutory/government authorities	16.28	13.32
Capital creditors	3.14	0.81
Interest accrued and due on borrowings	3.79	1.99
Interest accrued but not due	4.40	1.80
Unclaimed dividend	0.01	-
Other liabilities	12.59	21.17
	<b>940.86</b>	<b>819.35</b>
<b>2.10 Short-term provisions</b>		
Provision for taxation (net of advance tax)	6.02	-
Proposed dividend	-	25.74
Dividend distribution tax	-	4.18
Provision for foreseeable loss	8.50	-
Provision for employee benefits:		
- Gratuity (refer to note 2.33)	0.19	0.17
- Compensated absences	2.85	1.43
	<b>17.56</b>	<b>31.52</b>

Notes to financial statements  
2. Notes to accounts (Contd.)

2.11 Fixed assets

(₹ in Crores)

Description	Gross block			Accumulated depreciation and amortization				Net block		
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	As at 1 April 2011	Charge for the year	Deletion	As at 31 March 2012	As at 31 March 2011	
<b>Tangible assets:</b>										
<i>(Owned)</i>										
Freehold land	2.48	-	-	2.48	-	-	-	-	2.48	2.48
Buildings	2.71	0.10	-	2.81	0.11	0.08	-	0.19	2.62	2.60
Plant and equipments	290.11	93.50	2.96	380.65	33.52	17.52	0.24	50.80	329.85	256.59
Furniture and fixtures	3.89	1.47	-	5.36	1.64	0.90	-	2.54	2.82	2.25
<b>Vehicles:</b>										
- Construction vehicles	59.19	4.62	0.19	63.62	9.46	6.92	0.10	16.28	47.34	49.73
- Other vehicles	11.57	4.19	-	15.76	2.64	1.23	-	3.87	11.89	8.93
Office equipment	7.81	3.03	-	10.84	1.61	0.68	-	2.29	8.55	6.20
Computer equipment	8.60	1.97	-	10.57	4.52	1.41	-	5.93	4.64	4.08
<b>Total tangibles assets</b>	<b>386.36</b>	<b>108.88</b>	<b>3.15</b>	<b>492.09</b>	<b>53.50</b>	<b>28.74</b>	<b>0.34</b>	<b>81.90</b>	<b>410.19</b>	<b>332.86</b>
Previous year	169.11	218.10	0.85	386.36	34.68	19.08	0.26	53.50	332.86	
<b>Intangible assets:</b>										
<i>(Owned)</i>										
Computer software	1.91	0.68	-	2.58	0.35	0.35	-	0.70	1.88	1.56
<b>Total intangibles assets</b>	<b>1.91</b>	<b>0.68</b>	<b>-</b>	<b>2.58</b>	<b>0.35</b>	<b>0.35</b>	<b>-</b>	<b>0.70</b>	<b>1.88</b>	<b>1.56</b>
Previous year	0.89	1.02	-	1.91	0.16	0.19	-	0.35	1.56	

	As at 31 March 2012	As at 31 March 2011
<b>2.12 Non-current investments</b>		
<b>Long-term investments at cost, unless otherwise specified</b>		
<b>I. Unquoted investments: Trade</b>		
<b>i) Investments in equity instruments of subsidiaries:</b>		
MDDA-Ramky IS Bus Terminal Limited (refer to note a below) 10,651,817 (previous year: 10,647,700) equity shares of ₹ 10 each, fully paid	14.26	14.24
Ramky Elsamex Hyderabad Ring Road Limited (refer to note b below) 14,800,000 (previous year: 14,800,000) equity shares of ₹ 10 each, fully paid	14.80	14.80
Ramky Engineering and Consulting Services (FZC) 87,926 (previous year: 7,500) equity shares of AED 100 each, fully paid	11.21	0.92
Ramky Pharma City (India) Limited (refer to note c below) 9,180,000 (previous year: 9,180,000) equity shares of ₹ 10 each, fully paid	9.18	9.18
Ramky-MIDC Agro Processing Park Limited 2,228,686 (previous year: 2,228,686) equity shares of ₹ 10 each, fully paid	6.59	6.59
Ramky Multi Product Industrial Park Limited 5,000,000 (previous year: 50,000) equity shares of ₹ 10 each, fully paid	5.00	0.05
Naya Raipur Gems and Jewellery SEZ Limited 840,684 (previous year: 840,684) equity shares of ₹ 10 each, fully paid	2.42	2.42
Ramky Herbal and Medicinal Park (Chhattisgarh) Limited 513,897 (previous year: 513,064) equity shares of ₹ 10 each, fully paid	1.44	1.44



Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>Non-current investments (Contd.)</b>		
Ramky Food Park (Chhattisgarh) Limited 436,397 (previous year: 436,397) equity shares of ₹ 10 each, fully paid	1.21	1.21
Ramky Towers Limited 26,458 (previous year: 26,458) equity shares of ₹ 10 each, fully paid	0.18	0.18
Ramky Food Park (Karnataka) Limited 54,665 (previous year: 50,000) equity shares of ₹ 10 each, fully paid	0.05	0.05
Ramky Enclave Limited 44,505 (previous year: 44,505) equity shares of ₹ 10 each, fully paid	0.04	0.04
Srinagar Banihal Expressway Limited (refer to note d below) 38,891 (previous year: 38,889) equity shares of ₹ 10 each, fully paid	0.04	0.04
Gwalior Bypass Project Limited (refer to note e below) 25,500 (previous year: 25,500) equity shares of ₹ 10 each, fully paid	0.02	0.02
Sehore Kosmi Tollways Limited 1,000,000 (previous year : Nil ) equity shares of ₹ 10 each, fully paid	1.00	-
Frank Lloyd Tech Management services Limited 75,994 (previous year : Nil) equity share of ₹ 10 each, fully paid	0.08	-
Agra Etawah Tollways Limited 50,000 (previous year: Nil) equity shares of ₹ 10 each, fully paid	0.05	-
Hospet Chitradurga Tollways Limited 50,000 (previous year: Nil) equity shares of ₹ 10 each, fully paid	0.05	-
<b>ii) Investments in equity instruments of associates:</b>		
Ramky Integrated Township Limited 18,241 (previous year: 18,241) equity shares of ₹ 10 each, fully paid	0.02	0.02
JNPC Pharma Innovation Limited 50,000 (previous year: Nil) equity shares of ₹ 10 each, fully paid	0.05	-
<b>iii) Investments in equity instruments of jointly controlled entities:</b>		
N.A.M.Expressway Limited 116,755,000 (previous year: 116,755,000) equity shares of ₹ 10 each, fully paid	116.76	116.76
Jorabat Shillong Expressway Limited. 21,000,000 (previous year: 21,000,000) equity shares of ₹ 10 each, fully paid	21.00	21.00
<b>iv) Investments in equity instruments of others:</b>		
Delhi MSW Solutions Limited 5,000 (previous year: 5,000) equity shares of ₹ 10 each, fully paid	0.01	0.01
<b>v) Investments in preference instruments of subsidiaries:</b>		
Ramky Elsamex Hyderabad Ring Road Limited (refer to note b below) 25,000,000 (previous year: 25,000,000) 10%, cumulative redeemable optional convertible preference shares of ₹ 10 each, fully paid	25.00	25.00
Gwalior Bypass Project Limited 2,240 (previous year: 2,240) 0.01%, cumulative redeemable preference shares of ₹ 100 each, fully paid	0.09	0.09
Ramky Enclave Limited 78,000 (previous year: Nil) 10%, cumulative convertible redeemable preference shares of ₹ 10 each, fully paid	19.50	-

Notes to financial statements  
2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>Non-current investments (Contd.)</b>		
Ramky Multi Product Industrial Park Limited 1,500,000 (previous year : Nil) 0.001%, cumulative convertible redeemable preference shares of ₹ 10 each, fully paid	15.00	-
Ramky Multi Product Industrial Park Limited 4,000,000 (previous year : Nil) 0.001%, cumulative non-convertible redeemable preference shares of ₹ 10 each, fully paid	40.00	-
Naya Raipur Gems and Jewellery SEZ Limited 295,133 (previous year: Nil) 0.001%, cumulative convertible redeemable preference shares of ₹ 10 each, fully paid	0.89	-
Srinagar Banihal Expressway Limited 41,547,445 (previous year: Nil) 0.001%, non-cumulative non-convertible redeemable preference shares ₹ 10 each, fully paid	41.55	-
Sehore Kosmi Tollways Limited 1,102,000 (previous year: Nil) 0.001%, cumulative non-convertible redeemable preference shares ₹ 10 each, fully paid	11.02	-
<b>Total of unquoted investments (i+ii+iii+iv+v)</b>	<b>358.51</b>	<b>214.06</b>
<b>II. Quoted investments - Other than trade; at cost</b>		
<b>Investment in equity instruments of others</b>		
Canara Bank Limited 11,600 (previous year: 11,600) equity shares of ₹ 10 each, fully paid	0.04 <b>0.04</b>	0.04 <b>0.04</b>
<b>Total non-current investments (I+II)</b>	<b>358.55</b>	<b>214.10</b>
The aggregate book value and market value of quoted non-current investments and book value of unquoted non-current investments are as follows:		
Quoted investments:		
- Aggregate book value	0.04	0.04
- Aggregate market value	0.55	0.73
Aggregate book value of unquoted non-current investments	358.51	214.06

**Notes :**

- 9,750,000 (previous year: 9,750,000) equity shares have been pledged in favour of Infrastructure Development Finance Company Limited for the loan availed by MDDA-Ramky IS Bus Terminal Limited.
- 14,800,000 (previous year: 14,800,000) equity shares and 2,950,000 (previous year : 25,000,000) preference shares have been pledged in favour of IDBI Trusteeship Services Limited for loan availed by Ramky Elsamex Hyderabad Ring Road Limited.
- 9,129,000 (previous year: 8,942,000) equity shares have been pledged in favour of Infrastructure Development Finance Company Limited (previous year pledged with Axis Bank Limited) for loan availed by Ramky Pharma City (India) Limited.
- 15,766 (previous year: Nil) equity shares of Srinagar Banihal Expressway Limited pledged in favour of ICICI bank Limited for the loan availed by Srinagar Banihal Expressway Limited.
- 13,005 (previous year: 13,005) equity shares have been pledged in favour of Punjab National Bank for loan availed by Gwalior Bypass Project Limited.

Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.13 Long-term loans and advances</b>		
<b><i>Unsecured, considered good:</i></b>		
Capital advances	23.73	27.64
Share application money pending allotment	10.00	60.91
Advances recoverable in cash or in kind or for value to be received	10.08	32.55
Security deposits	5.45	5.90
Other loans and advances:		
- Earnest money deposit	1.67	1.79
- Receivables from statutory/government authorities	36.82	32.98
- Receivables from income tax authority	32.35	19.92
- Prepaid expenses	5.88	11.51
- Minimum alternate tax credit entitlement	4.45	4.45
	<b>130.43</b>	<b>197.65</b>
<b><i>Unsecured, considered doubtful:</i></b>		
Earnest money deposit	0.34	-
Advances recoverable in cash or in kind or for value to be received	6.58	-
	<b>6.92</b>	-
<b><i>Provision for doubtful advances:</i></b>		
Earnest money deposit	(0.34)	-
Advances recoverable in cash or in kind or for value to be received	(6.58)	-
	<b>(6.92)</b>	-
	<b>130.43</b>	<b>197.65</b>
<b>2.14 Other non-current assets</b>		
<b>Trade receivables:</b>		
(refer note a below)		
- Unsecured, considered good	18.64	27.23
- Unsecured, considered doubtful	17.84	3.35
	<b>36.48</b>	<b>30.58</b>
Less: Provision for doubtful trade receivables	(17.84)	(3.35)
	<b>18.64</b>	<b>27.23</b>
Long-term bank deposits (refer note b below)	1.83	-
	<b>20.47</b>	<b>27.23</b>
<b>Notes:</b>		

- a. Trade receivables includes retention money receivable of ₹ 11.48 crores (previous year ₹ 9.01 crores). Provision for doubtful trade receivables includes provision for retention money receivables amounting to ₹ 5.87 crores (previous year Nil).
- b. Long-term bank deposits representing margin money against bank guarantees and other commitments.

Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.15 Inventories</b>		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw materials and components	210.80	157.91
Contract work-in-progress	486.83	203.48
	<b>697.63</b>	<b>361.39</b>
<b>2.16 Trade receivables</b>		
<i>(Unsecured, considered good)</i>		
Outstanding for period exceeding six months	627.00	485.67
Other debts	1,077.70	1,009.72
	<b>1,704.70</b>	<b>1,495.39</b>
<b>Note:</b>		
Trade receivables includes retention money receivable of ₹ 553.93 crores (previous year ₹ 452.26 crores).		
<b>2.17 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	0.36	0.49
Cheques on hand	0.01	8.38
Balances with banks:		
- in current accounts	19.12	22.12
- in deposit accounts	6.62	24.35
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months*	46.82	44.52
Balances with bank for unclaimed dividend	0.01	-
	<b>72.94</b>	<b>99.86</b>
* Includes amount of ₹ 46.10 crores (previous year: ₹ 25.22 crores) held as margin money or security deposit against bank guarantees and other commitments.		

Notes to financial statements  
2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.18 Short-term loans and advances</b>		
<i>(Unsecured, considered good)</i>		
Loans and advances to related parties*	67.38	10.45
Mobilisation and material advances	162.94	105.76
Advances recoverable in cash or in kind or for value to be received	145.91	152.22
Security deposits	7.30	4.02
Other loans and advances:		
- Earnest money deposit	19.13	15.59
- Advance tax (net of provision)	27.51	48.05
- Balances with statutory/government authorities	29.61	15.30
- Prepaid expenses	32.08	15.49
- Loans and advances to employees	2.43	2.11
- Other advances	7.14	3.78
	<b>501.43</b>	<b>372.77</b>
* Loans and advances in nature of loans to subsidiaries, associates and jointly controlled entities amounting to ₹ 63.35 crores (previous year: ₹ 6.06 crores) (refer to note 2.32). Balance of ₹ 4.03 crores (previous year: ₹ 4.39 crores) represents other advance to other related parties.		
<b>2.19 OTHER CURRENT ASSETS</b>		
Interest accrued but not due	4.31	6.08
	<b>4.31</b>	<b>6.08</b>

Notes to financial statements  
2. Notes to accounts (Contd.)

(₹ in Crores)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>2.20 Other income</b>		
Interest income	11.08	6.65
Dividend income*	6.13	0.01
Other non-operating income:		
- Equipment rent	0.75	0.09
- Liabilities no longer required written back	9.61	-
- Miscellaneous income	9.93	7.20
	<b>37.50</b>	<b>13.95</b>
* Includes dividend received from a subsidiary company amounting to ₹ 6.12 crores (previous year: Nil).		
<b>2.21 Contract expenses</b>		
Contract materials and supplies consumed	1,046.04	722.99
Sub-contractor expenses	1,209.99	1,157.07
Labour contract charges	240.45	186.48
Rate and taxes	106.88	79.07
Contract consultancy charges	9.64	25.05
Hire charges	44.88	24.70
Power and fuel	65.77	20.05
Contract recoveries	24.55	17.95
Transport expenses	22.17	8.24
Royalty	13.73	7.24
Site installation charges	12.93	6.90
Repairs and maintenance - plant and machinery	8.89	6.45
Consumables and other site expenses	13.69	7.85
	<b>2,819.61</b>	<b>2,270.04</b>
<b>2.22 Employee benefits expense</b>		
Salaries, wages and bonus	104.80	87.42
Contribution to provident fund and other funds	5.94	4.38
Managerial remuneration	4.62	3.85
Workmen and staff welfare expenses	8.72	6.10
Compensated absences	1.05	3.67
Gratuity (refer to note 2.33)	1.02	1.13
	<b>126.15</b>	<b>106.55</b>

Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>2.23 Finance costs</b>		
Interest expenses	95.11	56.78
Other borrowing costs	20.38	11.64
Loss on foreign currency transactions and translation	2.22	0.47
	<b>117.71</b>	<b>68.89</b>
<b>2.24 Other expenses</b>		
Rent	9.84	5.25
Security charges	10.02	4.88
Traveling and conveyance	8.02	4.36
Insurance	5.69	4.25
Legal and professional charges	15.52	4.09
Electricity charges	4.40	2.98
Rates and taxes	3.51	2.31
Tender forms and registration charges	2.54	2.40
Communication expenses	2.98	2.10
Printing and stationary	2.53	1.80
Repairs and maintenance		
- Buildings	4.61	2.16
- Others	2.44	0.84
Donations	2.20	1.37
Advertisement	1.16	0.96
Business promotion expenses	1.06	0.55
Loss on sale of fixed assets, net	0.52	0.38
Provision for doubtful trade receivables	14.49	3.35
Provision for foreseeable loss	8.50	-
Provision for doubtful loans and advances	6.92	-
Miscellaneous expenses	2.19	2.37
	<b>109.14</b>	<b>46.40</b>

Notes to financial statements

2. Notes to accounts (Contd.)

2.25 Commitments and contingent liabilities:

(₹ in Crores)

Particulars	As at 31 March 2012	As at 31 March 2011
i) Commitments:		
(a) Equity commitments towards subsidiaries and jointly controlled entities	882.85	249.39
(b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6.49	6.62
ii) Contingent liabilities:		
(a) Guarantees issued by banks	1,446.49	1,162.88
(b) Guarantees issued by the Company on behalf of subsidiaries and jointly controlled entities	448.23	470.32
(c) Letters of credit outstanding	85.09	54.06
iii) Claims against the Company not acknowledged as debts in respect of:		
(a) Income tax matters (refer note 2.35 given below)	-	66.16
(b) Indirect tax and other matters	140.76	110.52
(c) Disputed claims from customers and vendors	1.77	5.90

2.26 Legal and professional charges includes the statutory auditor's remuneration as given below (excluding service tax):

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Audit fees	0.30	0.30
Other services*	0.30	0.83
Out of pocket expenses	0.01	0.01
<b>Total</b>	<b>0.61</b>	<b>1.14</b>

\* Other services includes professional charges of Nil (previous year: ₹ 0.56 crores) paid in connection with issue of equity shares through its initial public offer are treated as share issue expenses and adjusted to securities premium account.

2.27 Leases

The Company is obligated under cancellable operating lease agreements. Total rental expense for the period under cancellable leases was ₹ 9.84 crores (previous year: ₹ 5.25 crores) has been disclosed as 'Rent' in the statement of profit and loss.

2.28 Earnings per share (EPS):

The computation of earnings per share is set out below:

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Net profit for the year attributable to equity shareholders (₹ in Crores)	143.68	157.36
<b>Shares</b>		
Number of equity shares at the beginning of the year	57,197,791	49,420,014
Add: Equity shares issued during the year in initial public offer	-	7,777,777
Total number of equity shares outstanding at the end of the year	57,197,791	57,197,791
Weighted average number of equity shares outstanding during the year		
- Basic and Diluted	57,197,791	53,213,012
Earnings per equity share - par value of ₹ 10 per share		
Basic and diluted	25.12	29.57



## Notes to financial statements

### 2. Notes to accounts (Contd.)

#### 2.29 Nature and terms of repayment for secured and unsecured borrowings are as follows:

##### Secured borrowings:

- a. Term loan from bank amounting to ₹ 75 crores (previous year Nil) are secured by way of residual charge over moveable fixed and current assets (both present and future) ranking subsequent to prior charge created in favour of other lenders and first and exclusive ranking charge over all the receivables both present and future arising out of debt infused in the infrastructure project companies and by way of first and exclusive ranking charge over Debt Service Reserve Account (DSRA). This loan is repayable in 24 monthly instalments starting at the end of 15 months from the first draw down date (i.e. 8 February 2012) along with interest of 12.75% p.a. payable on monthly basis.
- b. Term loan from bank amounting to ₹ 45 crores (previous year ₹ 55 crores) are secured by pari-passu charge on the entire project specific current assets. These loans are repayable on 25 May 2012 (previous year: 15 December 2011) along with interest of 11.75% p.a. payable on monthly basis.
- c. Term loan from bank amounting to Nil (previous year ₹ 5 crores) are secured by way of post-dated cheques given by the Company. Loan was repaid by the on 2 February 2012 along with interest of 11.50% p.a. payable on monthly basis.
- d. Equipment and vehicle loans from banks amounting to ₹ 36.75 crores (previous year: ₹ 47.82 crores) and from others amounting to ₹ 95.35 crores (previous year: ₹ 86.28 crores) are secured by way of hypothecation of the respective equipment/vehicles. These loans are repayable in monthly payment of equated monthly instalments beginning along the month subsequent to the loan along with interest in the range of 7.05% p.a. to 14.20% p.a. and 6.55% p.a. to 12.15% p.a. against loans taken from banks and others respectively.
- e. Cash credits from banks from banks amounting to ₹ 242.22 crores (previous year: ₹ 267.26 crores) and working capital loans from banks amounting to ₹ 409.25 crores (previous year ₹ 179 crores) are secured by way of:
  - (i) first pari-passu charge on the current assets of the Company namely raw materials, contract work-in-progress, bills receivable and book debts and all other movables both present and future of the Company along with other working capital lenders.
  - (ii) first charge on the entire unencumbered fixed assets of the company ranking pari-passu basis to all the working capital lenders and
  - (iii) loans during the previous year were also secured by way of personal guarantees of Chairman of the Company and Managing Director of the Company.Cash credits are repayable on demand along with interest in the range of 12.50% p.a. to 14.45% p.a. (previous year: 13.25% p.a. to 14.45% p.a.) payable on monthly basis. Working capital loans are repayable within 90 to 180 days from the date of drawdown along with the interest in the range of 11.75% p.a. to 12.50% p.a. (previous year: 10.65% p.a. to 13% p.a.) payable on monthly basis.
- f. Working capital loan from bank amounting to ₹ 25 crores (previous year: Nil) are secured by way of post-dated cheques submitted by the Company. Loan is repayable on 2 June 2012 along with the interest of 12.50% p.a.
- g. Buyers credit from banks amounting to ₹ 24.63 crores (previous year: Nil) are secured by way of first pari-passu charge on the current assets of the Company namely raw materials, contract work-in-progress, bills receivable and book debts and all other movables both present and future of the Company and exclusive charge on the capital equipment imported with loan proceeds. Buyers credit are obtained on short-term basis and repayable within 360 days from the date of drawdown along with the interest in the range of 1.94% p.a. to 3.30% p.a.

##### Unsecured borrowings:

Unsecured loan from corporate was repaid on 30 August 2011 and interest rate applicable was 14% p.a.

#### 2.30 Segment information

##### a) Business Segment:

The services rendered by the Company primarily consist of execution of civil contracts on turnkey basis. The Company is managed organizationally as a unified entity and not along product lines and accordingly, there is only one business segment.

##### b) Geographical Segment:

During the year under report, the Company has engaged in its business primarily within India. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

Notes to financial statements  
2. Notes to accounts (Contd.)

2.31 Related party disclosures

<p><b>Enterprise where control exists (Subsidiaries and step-down subsidiary)</b></p>	<ul style="list-style-type: none"> <li>• Ramky Pharma City (India) Limited</li> <li>• MDDA-Ramky IS Bus Terminal Limited</li> <li>• Ramky Food Park (Chattisgarh) Limited</li> <li>• Naya Raipur Gems and Jewellery SEZ Limited</li> <li>• Ramky Herbal and Medicinal Park (Chattisgarh) Limited</li> <li>• Ramky - MIDC Agro Processing Park Limited</li> <li>• Ramky Engineering and Consulting Services (FZC)</li> <li>• Gwalior Bypass Project Limited</li> <li>• Ramky Elsamex Hyderabad Ring Road Limited</li> <li>• Ramky Towers Limited</li> <li>• Ramky Enclave Limited</li> <li>• Srinagar Banihal Expressway Limited</li> <li>• Ramky Multi Product Industrial Park Limited</li> <li>• Ramky Food Park (Karnataka) Limited</li> <li>• Sehore Kosmi Tollways Limited</li> <li>• Agra Etawah Tollways Limited</li> <li>• Hospet Chitradurga Tollways Limited</li> <li>• Frank Lloyd Tech Management Services Limited</li> <li>• Ramky Infrastructure Sociedad Anonima Cerrada</li> </ul>
<p><b>Enterprises where joint control exists (Joint controlled entities)</b></p>	<ul style="list-style-type: none"> <li>• N.A.M.Expressway Limited</li> <li>• Jorabat Shillong Expressway Limited</li> </ul>
<p><b>Enterprises where significant influence exists (Associates)</b></p>	<ul style="list-style-type: none"> <li>• Ramky Integrated Township Limited</li> <li>• JNPC Pharma Innovation Limited</li> </ul>
<p><b>Enterprises where Key Management Personnel have significant influence (Significant interest entities) (SIE)</b></p>	<ul style="list-style-type: none"> <li>• Ramky Enviro Engineers Limited</li> <li>• Ramky Estates and Farms Limited</li> <li>• Mumbai Waste Management Limited</li> <li>• Ramky Finance &amp; Investment Private Limited</li> <li>• SembRamky Environmental Management Private Limited</li> <li>• Ramky Global Solutions Private Limited</li> <li>• Tamil Nadu Waste Management Limited</li> <li>• West Bengal Waste Management Limited</li> <li>• Ramky Energy &amp; Environment Limited</li> <li>• RVAC Facilities Management (India) Limited</li> <li>• Ramky Villas Limited</li> <li>• Ramky Advisory Services Limited</li> <li>• Delhi MSW Solutions Limited</li> <li>• Smilax Laboratories Limited</li> <li>• Ramky Foundation</li> <li>• NR Environmental Engineers INC</li> <li>• Ramky Academy of Culture &amp; Education</li> <li>• Dakshayani Academy</li> <li>• Hyderabad Integrated MSW Limited</li> </ul>
<p><b>Key Management Personnel (KMP)</b></p>	<ul style="list-style-type: none"> <li>• A Ayodhya Rami Reddy</li> <li>• Y R Nagaraja</li> </ul>

Notes to financial statements  
2. Notes to accounts (Contd.)

2.31 Related party disclosures (continued)

(₹ in Crores)

Sl. No.	Name of the transacting party	Relationship	Nature of transactions	31 March 2012		31 March 2011	
				Transactions during the year	Amount receivable/ (payable)	Transactions during the year	Amount receivable/ (payable)
1.	Ramky Pharma City (India) Limited	Subsidiary	Contract revenue	-	-	28.03	20.62
			Retention money receivable/ (recovered)	23.45 (66.85)	5.97	42.00 -	49.37
			Investment in equity shares	-	9.18	-	9.18
			Dividend received	6.12	-	-	-
			Corporate guarantee given by the Company	-	-	-	77.51
2.	MDDA – Ramky IS Bus Terminal Limited	Subsidiary	Contract revenue	1.44	21.98	3.03	22.63
			Retention money receivable	-	2.94	2.43	2.94
			Share application money paid	-	-	0.20	0.02
			Investments in equity shares	0.02	14.26	4.49	14.24
			Corporate guarantee given by the Company	-	9.75	-	9.75
3.	Ramky Elsamex Hyderabad Ring Road Limited	Subsidiary	Contract revenue	-	20.23	11.65	28.54
			Retention money receivable	5.73	46.51	40.78	40.78
			Loan given	-	-	-	6.06
			Interest income	0.64	6.63	0.64	-
			Investment in equity shares	-	14.80	-	14.80
			Investment in preference shares	-	25.00	-	25.00
			Corporate guarantee given by the Company	-	259.5	-	287.9
4.	Ramky Towers Limited	Subsidiary	Contract revenue	80.12	117.75	69.03	63.00
			Mobilisation advance received	0.57	(0.57)	-	-
			Retention money receivable	3.93	35.79	4.12	31.86
			Investment in equity shares	-	0.18	0.15	0.18
			Corporate guarantee given by the Company	-	50.00	-	50.00
5.	Ramky Enclave Limited	Subsidiary	Contract revenue	-	5.51	-	5.51
			Retention money receivable	-	13.79	-	13.79
			Share application money paid	-	-	-	19.50
			Investment in equity shares	-	0.04	-	0.04
			Investment in preference shares	19.50	19.50	-	-
			Corporate guarantee given by the Company	50.00	50.00	-	-
6.	Ramky Engineering and Consultancy Services (FZC)	Subsidiary	Share application money paid	-	-	7.98	10.29
			Investment in equity shares	10.29	11.21	-	0.92
			Corporate guarantee given by the Company	51.15	69.31	18.16	18.16
7.	Gwalior Bypass Project Limited	Subsidiary	Investment in equity shares	-	0.03	-	0.03
			Investment in preference shares	-	0.09	-	0.09
8.	Ramky Food Park (Chattisgarh) Limited	Subsidiary	Investment in equity shares	-	1.21	1.16	1.21
9.	Naya Raipur Gems and Jewellery SEZ Limited	Subsidiary	Share application money	-	-	0.92	0.89
			Investment in equity shares	-	2.42	2.37	2.42
			Investment in preference shares	0.89	0.89	-	-
10.	Ramky Herbal and Medicinal Park (Chattisgarh) Limited	Subsidiary	Investment in equity shares	-	1.44	1.39	1.44
11.	Ramky - MIDC Agro Processing Park Limited	Subsidiary	Investment in equity shares	-	6.59	6.54	6.59

(Contd.)

Notes to financial statements  
2. Notes to accounts (Contd.)

Particulars of related party transactions (Contd.)

(₹ in Crores)

Sl. No.	Name of the transacting party	Relationship	Nature of transactions	31 March 2012		31 March 2011	
				Transactions during the year	Amount receivable/ (payable)	Transactions during the year	Amount receivable/ (payable)
12	Srinagar Banihal Expressway Limited	Subsidiary	Contract revenue	75.08	54.14	-	-
			Retention money receivable	3.75	3.75	-	-
			Mobilisation advance received	117.50	(117.50)	-	-
			Share application money	-	-	0.50	0.50
			Investment in equity shares	-	0.04	0.04	0.04
			Investment in preference shares	41.55	41.55	-	-
			Corporate guarantee given by the Company	117.50	117.50	-	-
13	Ramky Multi Product Industrial Park Limited	Subsidiary	Loan given	8.00	8.22	-	-
			Interest income	0.24	-	-	-
			Share application money	25.05	-	19.70	19.70
			Investment in equity shares	4.95	5.00	0.05	0.05
			Investment in preference shares	55.00	55.00	-	-
14	Ramky Food Park (Karnataka) Limited	Subsidiary	Investment in equity shares	-	0.05	0.05	0.05
15	Sehore Kosmi Tollways Limited	Subsidiary	Contract given	3.43	3.29	-	-
			Mobilisation advance received	8.00	(8.00)	-	-
			Retention money receivable	0.02	0.02	-	-
			Investment in equity shares	1.00	1.00	-	-
			Investment in preference shares	11.02	11.02	-	-
16	Agra Etawah Tollways Limited	Subsidiary	Investment in equity shares	0.05	0.05	-	-
17	Hospet Chitradurga Tollways Limited	Subsidiary	Investment in equity shares	0.05	0.05	-	-
18	Frank Lloyed Tech Management Services Limited	Subsidiary	Loan given	5.09	5.20	-	-
			Interest income	0.12	-	-	-
			Investment in equity shares	0.08	0.08	-	-
19	N.A.M.Expressway Limited	Jointly controlled entity	Contract revenue	77.64	26.66	204.85	193.96
			Mobilisation advance received/ (repaid against bills)	(3.84)	(61.16)	65.00	(65.00)
			Loan given	43.00	43.30	-	-
			Interest income	0.33	-	-	-
			Retention money receivable	10.68	10.68	-	-
			Investment in equity shares	-	116.76	116.76	116.76
20	Jorabat Shillong Expressway Limited	Jointly controlled entity	Contract revenue	-	-	26.00	23.40
			Investment in equity shares	-	21.00	21.00	21.00
			Corporate guarantee given by the Company	-	27.00	27.00	27.00
21	Ramky Integrated Township Limited	Associate	Capital advance paid	22.00	22.00	-	-
			Share application money	-	10.00	-	10.00
			Interest income	0.36	0.32	-	-
			Investment in equity shares	-	0.02	-	0.02
22	JNPC Pharma Innovation Limited	Associate	Investment in equity shares	0.05	0.05	-	-
23	Narketpally Addanki Expressway Limited	Associate	Sale of equity investments	-	-	0.03	-

Notes to financial statements

2. Notes to accounts (Contd.)

Particulars of related party transactions (Contd.)

(₹ in Crores)

Sl. No.	Name of the transacting party	Relationship	Nature of transactions	31 March 2012		31 March 2011	
				Transactions during the year	Amount receivable/ (payable)	Transactions during the year	Amount receivable/ (payable)
24	Ramky Estates and Farms Limited	SIE	Contract revenue	31.58	24.90	0.38	1.52
			Retention money receivable	1.86	2.92	-	1.06
			Rent paid	0.99	-	0.35	-
			Rent deposit	-	0.35	0.26	0.39
			Capital advance paid/ (refund received)	(22.00)	-	22.00	22.00
25	Ramky Enviro Engineers Limited	SIE	Contract revenue	76.80	65.50	-	-
			Sub-contract expenses	8.67	(2.45)	61.56	(9.79)
			Mobilisation advance paid / (recovered against bills)	(1.92)	1.42	-	3.34
			Retention money payable	(0.71)	(7.65)	5.48	(6.94)
			Retention money receivable	0.48	0.48	-	-
			Advance received against work	-	-	4.45	(6.29)
26	Mumbai Waste Management Limited	SIE	Contract revenue	2.93	0.36	1.76	0.56
27	Hyderabad Integrated MSW Limited	SIE	Contract revenue	3.55	1.28	-	-
			Retention money receivable	0.12	0.12	-	-
28	SembRamky Environmental Management Private Limited	SIE	Rent received	0.02	0.10	0.05	0.31
29	RVAC Facilities Management (India) Limited	SIE	Housekeeping charge paid	0.12	-	-	-
30	Ramky Global Solutions Private Limited	SIE	Other advances	-	-	0.02	0.14
31	Ramky Villas Limited	SIE	Contract revenue	-	-	-	2.05
32	Ramky Advisory Services Limited	SIE	Consultancy charges paid	5.33	-	5.51	0.94
			Advance paid	1.46	1.46	-	-
33	Delhi MSW Solutions Limited	SIE	Contract revenue	5.01	1.29	7.89	3.66
			Retention money receivable	0.29	0.59	0.30	0.30
			Mobilisation advance received (repaid against bills)	(0.14)	-	0.25	(0.14)
			Investment in equity shares	-	0.01	-	0.01
34	Smilax Laboratories Limited	SIE	Contract revenue	14.21	10.94	-	-
			Retention money receivable	-	3.00	3.00	3.00
35	Ramky Foundation	SIE	Donation	2.05	-	1.15	-
			Other advances	-	-	0.01	0.01
36	N R Environmental Engineers Inc	SIE	Sub-contract expenses	-	-	0.74	(0.34)
37	Ramky Academy of Culture & Education	SIE	Employees training expenses paid	0.02	-	0.01	-
38	Dakshayani Academy	SIE	Other advances	0.25	1.15	0.90	0.90
39	A Ayodhya Rami Reddy	KMP	Remuneration	3.69	(3.00)	3.05	(1.54)
40	Y R Nagaraja	KMP	Remuneration	0.93	-	0.70	(0.04)

## 2.32 Loans and advances in the nature of loans to subsidiaries, associates and jointly controlled entities(JCE)

## Loans where there is no repayment schedule:

Name of the entity	Relationship	Balance as on		Maximum amount outstanding during	
		31 March 2012	31 March 2011	2011-12	2010-11
Ramky Elsamex Hyderabad Ring Road Limited	Subsidiary	6.63	6.06	6.63	6.06
Ramky Multi Product Industrial Park Limited	Subsidiary	8.22	-	64.00	-
Frank Lloyd Tech Management Services Limited	Subsidiary	5.20	-	5.20	-
N.A.M.Expressway Limited	JCE	43.30	-	43.30	-

## 2.33 Employee benefit plans

- Liability for retiring gratuity as on 31 March 2012 is ₹ 2.43 crores (previous year: ₹ 1.46 crores) of which ₹ 0.56 crores (previous year: ₹ 0.45 crores) is funded with the Life Insurance Corporation of India. The balance of ₹ 1.87 crores (previous year: ₹ 1.01 crores) is included in provision for gratuity. The expected contribution is based on the same assumptions used to measure the Company's gratuity obligations as of 31 March 2012.
  - Liability for cost of compensated absence as on 31 March 2012 is ₹ 3.80 crores (previous year: ₹ 3.62 crores). Cost of compensated liability is a non funded liability.
  - Contribution towards employee provident fund for the year ended 31 March 2012 is ₹ 5.87 crores (previous year: ₹ 3.93 crores).
  - The liability for gratuity and cost of compensated absences has been actuarially determined and provided for in the books.
- e) Employee benefit plans**

The following tables set out the status of the gratuity plan as required under AS 15

## Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Opening defined benefit obligation</b>	1.46	0.45
Current service cost	0.62	0.42
Interest cost	0.11	0.03
Actuarial loss	0.33	0.71
Past service cost	-	0.01
Benefits paid	(0.09)	(0.16)
<b>Closing defined benefit obligation</b>	<b>2.43</b>	<b>1.46</b>

## Change in the fair value of plan assets

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Fair value of plan assets at the beginning of the year</b>	0.45	0.39
Expected return on plan assets	0.04	0.04
Employer contributions	0.16	0.18
Benefits paid	(0.09)	(0.16)
<b>Fair value of plan assets at the end of the year</b>	<b>0.56</b>	<b>0.45</b>

**Amount recognised in Balance Sheet**

Particulars	As at 31 March 2012	As at 31 March 2011
Present value of funded obligations	2.43	1.46
Fair value of plan assets	(0.56)	(0.45)
<b>Net Liability</b>	<b>1.87</b>	<b>1.01</b>
<b>Amounts in the balance sheet</b>		
Short-term provision	0.19	0.17
Long-term provision	1.68	0.84

**Expense recognised in statement of profit and loss**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Current service cost	0.62	0.42
Interest cost on benefit obligation	0.11	0.03
Expected return on plan assets	(0.04)	(0.04)
Past service cost	-	0.01
Net actuarial loss	0.33	0.71
<b>Net benefit expense</b>	<b>1.02</b>	<b>1.13</b>

**Summary of actuarial assumptions**

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Discount rate	7.80%	7.80%
Expected rate of return	8.15%	9.00%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Expected rate of return on plan assets:** This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

**Experience adjustment table for last five years:**

	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010	Year ended 31 March 2009	Year ended 31 March 2008
Defined Benefit Obligation	2.43	1.46	0.45	0.34	0.23
Plan Assets	0.56	0.45	0.39	-	-
Surplus/ (Deficit)	(1.87)	(1.01)	(0.06)	(0.34)	(0.23)
Experience Adjustment on Plan Liabilities	0.33	0.71	(0.01)	0.18	-
Experience Adjustment on Plan Assets	-	-	-	-	-

**Notes to financial statements****2. Notes to accounts (Contd.)**

**2.34** The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2012 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

(₹ in Crores)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period/year;	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the period/year;	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period/year) but without adding the interest specified under this Act;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the period/year;	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

**Note:** This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 and has been determined to the extent such parties have been identified on the basis of information available with the Company.

**2.35** The Company has claimed deduction under Section 80-IA (4) of the Income Tax Act, 1961 in its returns of income relating to assessment years 2003-04 to 2011-12. However, the Department contested the same on the grounds that the Company was not "developing" the infrastructure facility and disallowed the deduction for assessment years 2003-04 to 2009-10. The Company filed appeal against these orders with CIT (Appeals), of which the appeals with respect to assessment years 2003-04 to 2008-09 were dismissed. The Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) for these assessment years, which is currently pending.

The Company is contending its case before the appropriate appellate authorities, however the Company not withstanding the fact that its position in the matter is strong on merits has based on an internal assessment and various factors such as industry practice, legal counsel advice etc. decided to make a provision for the total deductions under the said Sections and for the assessment years 2003-04 to 2011-12 amounting to ₹ 66.56 crores. As this provision relates to taxes for earlier years the same has been directly debited to the surplus in statement of profit and loss account balance under "Reserves and Surplus" for the year ended 31 March 2012. Further no deduction has been claimed on account of the aforesaid Section in the current year.

**2.36 IPO proceeds utilization:**

During the previous year the Company had issued 7,777,777 equity shares having a face value of ₹ 10 per share at a price of ₹ 450 per share (including a premium of ₹ 440 per share) through IPO. Out of the proceeds aggregating ₹ 350 crores, a sum of ₹ 7.78 crores was credited to the share capital and the balance amount of ₹ 342.22 crores is credited to the securities premium account. Share issue expenses aggregating ₹ 14.70 crores (excluding ₹ 7.56 crores incurred on behalf of shareholders whose holdings were divested at the time of the IPO and which were recovered from the shareholders) have been charged to the securities premium account in accordance with the provisions of Section 78(2) of the Companies Act, 1956.



Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

The amount raised ₹ 350 crores has been utilised in the following manner:

Particulars	Note	For the year ended/As at	
		31 March 2011	31 March 2012
<b>Funds received through IPO/opening unutilised</b>	A	350.00	24.35
<b>Utilisation of funds</b>			
Investment in capital equipment		56.40	17.43
Working capital requirements		175.00	-
Repayment of term loans		25.00	-
General corporate purposes		54.84	0.20
IPO expenses		14.41	0.10
<b>Total funds utilised</b>	<b>B</b>	<b>325.65</b>	<b>17.73</b>
<b>Unutilised IPO money*</b>	<b>C=(A-B)</b>	<b>24.35</b>	<b>6.62</b>

\* Unutilised IPO funds as on 31 March 2012 and 31 March 2011 have been temporarily invested in short-term fixed deposits with a scheduled bank.

2.37 Disclosures pursuant to Accounting Standard (AS) 7 - Construction Contracts:

In terms of the disclosures required to be made under the Accounting Standard 7 for 'Construction Contracts' as notified in the Companies (Accounting Standards) Rules, 2006, the amounts considered in the financial statements up to the Balance Sheet date are as follows:

Particulars	2011-12	2010-11
(i) Contract revenue recognised	3,094.25	2,730.52
(ii) Contract cost incurred and recognised profits (less recognised losses) up to the reporting date	3,094.25	2,730.52
(iii) Advances received, net of recoveries from progressive bills	785.12	647.19
(iv) Gross amount due from customers for contract works	1,175.77	1,064.70
(v) Retention money	565.41	461.27

2.38 Interest in joint ventures:

The Company has formed the following joint ventures in India as given below which are in the nature of work sharing joint venture arrangements. The descriptions of interest in these joint venture arrangements are as below:

Joint Venture	Company's Share of interest
<b>Ramky - Elsamex JV</b>	
31-Mar-12	90%
31-Mar-11	90%
<b>Ramky - VSM JV</b>	
31-Mar-12	75%
31-Mar-11	75%
<b>Srishti - Ramky JV</b>	
31-Mar-12	70%
31-Mar-11	70%
<b>Ramky WPIL JV</b>	
31-Mar-12	Based on work allocation
31-Mar-11	"
<b>Somdatt Builders - Ramky JV</b>	
31-Mar-12	26%
31-Mar-11	26%
<b>ZVS Ramky Progressive JV</b>	
31-Mar-12	20%
31-Mar-11	20%
<b>Ramky ECAIPL JV</b>	
31-Mar-12	76%
31-Mar-11	-

Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

The Company's interest in jointly controlled entities, its proportionate share in the assets, liabilities, income and expenses are given below:

Joint controlled entity	Company's share	Assets	Liabilities	Income	Expenditure	Contingent liabilities
<b>N.A.M.Expressway Limited</b>						
31-Mar-12	50%	466.07	325.15	256.36	232.33	389.28
31-Mar-11	50%	252.26	135.38	138.31	138.17	625.86
<b>Jorabat Shillong Expressway Limited</b>						
31-Mar-12	50%	214.59	183.24	103.61	96.34	273.99
31-Mar-11	50%	125.98	101.89	86.84	83.75	359.94

2.39 Earnings/(Expenditure) in foreign currency: (On accrual basis)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Contract revenues	30.79	30.54
Consultancy charges	(0.21)	(0.73)
Travelling	(0.27)	(0.33)

2.40 Dividend remittances in foreign currency

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Year to which the dividend relates	2010-11	-
Amount remitted during the year (₹ in crores)	0.82	-
Number of non-resident shareholders	255	269
Number of shares on which dividend was due	1,821,107	-

2.41 Value of imports on C.I.F. basis ( on accrual basis) made,

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Plant and equipment	20.31	54.25
Raw materials	2.62	3.08

2.42 Imported and indigenous material consumed

Particulars	For the year ended 31 March 2012		For the year ended 31 March 2011	
	Value (₹ in crores)	% of total consumption	Value (₹ in crores)	% of total consumption
Imported	2.62	0.25%	3.08	0.43%
Indigenous	1,043.42	99.75%	719.91	99.57%
<b>Total</b>	<b>1,046.04</b>	<b>100.00%</b>	<b>722.99</b>	<b>100.00%</b>

Notes to financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

2.43 The Company has the following un-hedged exposure in foreign currency:

Particulars	Foreign currency	Foreign Currency as at		INR as at	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
Mobilisation advance received	EURO	-	0.30	-	19.10
Trade receivables	USD	0.21	-	10.94	-
Buyers credit and interest payable	USD	0.10	-	5.01	-

2.44 The Company has the following hedged exposure in foreign currency:

The Company uses forward exchange contracts to hedge its exposure to movements in foreign exchange rates.

As at 31 March 2012:

Category	Currency	Cross Currency	Amounts	Buy/Sell	Purpose
Forward contract	USD	INR	USD 1,601,095	Buy	Hedging
Forward contract	EURO	INR	EURO 1,851,107	Buy	Hedging

As at 31 March 2011:

Category	Currency	Cross Currency	Amounts	Buy/Sell	Purpose
Forward contract	USD	INR	USD 1,507,475	Buy	Hedging

2.45 Comparative figures

On applicability of revised Schedule VI from current year, the Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

As per our joint report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

for **Visweswara Rao & Associates**

Chartered Accountants

Firm's Registration No: 005774S

for **Ramky Infrastructure Limited**

**Zubin Shekary**

Partner

Membership No.: 048814

**S V R Visweswara Rao**

Partner

Membership No.: 029088

**A Ayodhya Rami Reddy**

Executive Chairman

**Y R Nagaraja**

Managing Director

Hyderabad

29 May 2012

**R S Garg**

Chief Financial Officer

**V Phanibhushan**

Company Secretary

Statement pursuant to general exemption received under section 212(8) of the Companies Act, 1956 relating to subsidiary companies

(₹ in Crores)

Sl. No.	Name of the Subsidiary	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in Subsidiary	Turnover	Profit before Tax	Provision for Taxation	Profit after taxation	Proposed Dividend	Country
1	MDDA-Ramky IS Bus Terminal Limited	INR	1	10.65	0.34	47.57	47.57	-	5.82	(0.84)	(0.27)	(0.56)	-	India
2	Ramky Pharma City (India) Limited	INR	1	18.00	100.16	310.76	310.76	3.20	106.94	26.91	2.82	24.09	-	India
3	Gwalior Bypass Project Limited	INR	1	23.07	69.29	412.18	412.18	-	-	(0.03)	-	(0.03)	-	India
4	Ramky Engineering and Consulting Services (FZC)	AED	14.11	0.88	1.14	13.33	13.33	0.87	20.21	5.66	-	5.66	-	Sharjah
5	Ramky Elsamex Hyderabad Ring Road Limited	INR	1	45.00	0.65	380.16	380.16	-	63.00	(0.89)	-	(0.89)	-	India
6	Ramky Towers Limited	INR	1	0.05	21.05	227.22	227.22	-	90.73	13.62	4.48	9.14	-	India
7	Ramky Enclave Limited	INR	1	0.13	19.45	75.59	75.59	-	10.65	(1.44)	(0.46)	(0.98)	-	India
8	Ramky Food Park (Chattisgarh)Limited	INR	1	0.44	0.77	1.22	1.22	-	-	0.01	0.00	0.01	-	India
9	Ramky Herbal & Medicinal Park (Chattisgarh)Limited	INR	1	0.51	0.91	1.43	1.43	-	-	(0.00)	-	(0.00)	-	India
10	Naya Raipur Gems and Jewellery SEZ Limited	INR	1	1.14	2.07	3.24	3.24	-	-	0.01	0.01	0.00	-	India
11	Ramky-MIDC Agro Processing Park Limited	INR	1	2.23	4.33	6.56	6.56	-	-	(0.00)	0.00	(0.00)	-	India
12	Srinagar Banihal Expressway Limited	INR	1	41.60	0.23	226.24	226.24	-	-	0.50	0.25	0.25	-	India
13	Ramky Multi Product Industrial Park Limited	INR	1	10.50	49.45	68.29	68.29	-	-	(0.04)	(0.01)	(0.03)	-	India
14	Ramky Food Park (Karnataka) Limited	INR	1	0.05	(0.01)	0.05	0.05	-	-	(0.00)	(0.00)	(0.00)	-	India
15	Sehore Kosmi Tollways Limited	INR	1	12.02	(0.06)	15.73	15.73	-	-	(0.05)	0.02	(0.06)	-	India
16	Hospet Chitradurga Tollways Limited	INR	1	0.05	(0.01)	0.07	0.07	-	-	(0.01)	-	(0.01)	-	India
17	Agra Etawah Tollways Limited	INR	1	0.05	(0.01)	0.07	0.07	-	-	(0.01)	-	(0.01)	-	India
18	Frank Lloyd Tech Management Services Limited	INR	1	0.10	(0.01)	5.60	5.60	-	-	(0.01)	(0.00)	(0.01)	-	India
19	Ramky Infrastructure Sociedad Anonima Cerradada*	PEN	21.33	0.09	(0.08)	0.01	0.01	-	-	(0.08)	-	(0.08)	-	Peru

\*step down subsidiary

# Auditors' Report

## To the Board of Directors of Ramky Infrastructure Limited on the Consolidated Financial Statements of Ramky Infrastructure Limited

1. We have audited the attached consolidated balance sheet of Ramky Infrastructure Limited ('the Company'), its subsidiaries, jointly controlled entities and associates (collectively referred to as the "Ramky Group") as at 31 March 2012, the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of certain subsidiaries, associates and a jointly controlled entity for the year ended 31 March 2012 have been audited by one of the joint auditors, M/s. Visweswara Rao & Associates, whose reports have been furnished to us and accordingly relied upon by us. The said financial statements of subsidiaries reflect the total assets of ₹ 1,143.56 crores as at 31 March 2012, the total revenues of ₹ 285.25 crores (including other income) and net cash inflows of ₹ 6.90 crores for the year ended 31 March 2012 (before adjustments on consolidation). The said financial statements of jointly controlled entity whose financial statements include the Ramky Group's share of total assets of ₹ 430.63 crores as at 31 March 2012, total revenue (including other income) of ₹ 0.63 crores, net cash outflows amounting to ₹ 71.10 crores for the year then ended (before adjustments on consolidation). The said financial statements of associates, whose financial statement include Ramky Group's share of loss ₹ 0.08 crores for the year ended 31 March 2012 have been considered on the basis of financial statements for the year then ended.
4. We did not audit the financial statements of certain subsidiaries and a jointly controlled entity which have been audited by other auditors, whose reports have been furnished to us, accordingly relied upon by us. The said financial statements of subsidiaries reflect the total assets of ₹ 764.70 crores as at 31 March 2012, the total revenues of ₹ 272.71 crores (including other income) and net cash inflow of ₹ 0.22 crores for the year ended 31 March 2012 (before adjustments on consolidation). The said financial statements of jointly controlled entity whose financial statements include the Ramky Group's share of total assets of ₹ 198.83 crores as at 31 March 2012 and net cash outflows amounting to ₹ 18.57 crores for the year then ended (before adjustments on consolidation).
5. We draw attention to note 2.36 to the consolidated financial statements, wherein deductions claimed by the Company under Section 80-IA (4) of Income Tax Act, 1961 in its returns of income relating to assessment years 2003-04 to 2011-12 amounting to ₹ 66.56 crores have now been provided for by directly debiting the surplus in statement of profit and loss account balance under "Reserves and Surplus" rather than debiting these amounts to the statement of profit and loss account for the year ended 31 March 2012 as required by Accounting Standard-5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies". Had this provision been charged to the statement of profit and loss for the current year, the profit after tax for the year would reflect as ₹ 177.51 crores as compared to a reported profit after tax of ₹ 244.07 crores. Further, the basic and diluted EPS for the current year would be ₹ 31.03 per share compared to the reported EPS of ₹ 42.67 per share.
6. The consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements, Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures, as specified in Companies (Accounting Standards) Rules, 2006.
7. Except for effects of the matter described in paragraph 5 above, based on our audit and on consideration of reports of other auditors on separate financial statements of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Ramky Group as at 31 March 2012;
  - (ii) in the case of the consolidated statement of profit and loss, of the consolidated profit of the Ramky Group for the year ended on that date; and
  - (iii) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Ramky Group for the year ended on that date.

for **B S R & Co.**  
Chartered Accountants  
Firm's Registration No: 101248W

**Zubin Shekary**  
Partner  
Membership No.: 048814  
Hyderabad,  
29 May 2012

for **Visweswara Rao & Associates**  
Chartered Accountants  
Firm's Registration No: 005774S

**S V R Visweswara Rao**  
Partner  
Membership No.: 029088

# Consolidated Balance Sheet

(₹ in Crores)

	Note	As at 31 March 2012	As at 31 March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	57.20	57.20
Reserves and surplus	2.2	1,200.98	1,007.50
		<b>1,258.18</b>	<b>1,064.70</b>
Minority interest		187.49	171.55
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	1,051.11	615.88
Deferred tax liabilities (net)	2.4	56.40	37.88
Other long-term liabilities	2.5	36.66	48.00
Long-term provisions	2.6	69.47	3.21
		<b>1,213.64</b>	<b>704.97</b>
<b>Current liabilities</b>			
Short-term borrowings	2.7	885.54	513.76
Trade payables	2.8	1,212.30	991.45
Other current liabilities	2.9	1,013.22	1,017.83
Short-term provisions	2.10	19.89	43.55
		<b>3,130.95</b>	<b>2,566.59</b>
		<b>5,790.26</b>	<b>4,507.81</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	2.11	577.34	487.03
- Intangible assets	2.11	1.89	1.56
- Capital work-in-progress		0.07	6.40
- Intangible assets under development	2.11	416.69	136.85
		<b>995.99</b>	<b>631.84</b>
Non-current investments	2.12	90.72	87.54
Deferred tax assets (net)	2.4	5.12	1.21
Long-term loans and advances	2.13	143.17	154.46
Other non-current assets	2.14	960.92	792.07
Goodwill on consolidation		2.13	2.13
		<b>2,198.05</b>	<b>1,669.25</b>
<b>Current assets</b>			
Inventories	2.15	1,023.93	602.32
Trade receivables	2.16	1,591.76	1,360.02
Cash and bank balances	2.17	119.79	229.26
Short-term loans and advances	2.18	694.70	524.90
Other current assets	2.19	162.03	122.06
		<b>3,592.21</b>	<b>2,838.56</b>
		<b>5,790.26</b>	<b>4,507.81</b>
<b>Significant accounting policies and Notes to accounts</b>	1 & 2		

The notes referred to above form an integral part of the consolidated financial statements

As per our joint report of even date attached

for **B S R & Co.**  
Chartered Accountants  
Firm's Registration No: 101248W

**Zubin Shekary**  
Partner  
Membership No.: 048814

Hyderabad  
29 May 2012

for **Visweswara Rao & Associates**  
Chartered Accountants  
Firm's Registration No: 005774S

**S V R Visweswara Rao**  
Partner  
Membership No.: 029088

for **Ramky Infrastructure Limited**

**A Ayodhya Rami Reddy**  
Executive Chairman

**Y R Nagaraja**  
Managing Director

**R S Garg**  
Chief Financial Officer

**V Phanibhushan**  
Company Secretary

# Consolidated Statement of Profit and Loss

(₹ in Crores)

	Note	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Income:</b>			
Revenue from operations	2.20	3,847.68	3,146.90
Other operating income	2.21	86.36	66.73
Other income	2.22	36.83	20.77
<b>Total income</b>		<b>3,970.87</b>	<b>3,234.40</b>
<b>Expenses:</b>			
Change in contract work-in-progress		(294.76)	21.15
Cost of traded materials consumed	2.23	31.52	1.31
Construction and development expenses	2.24	3,337.29	2,588.36
Employee benefits expense	2.25	140.00	109.93
Finance costs	2.26	238.47	140.57
Depreciation and amortization expense	2.11	43.17	23.14
Other expenses	2.27	127.74	53.29
<b>Total expenses</b>		<b>3,623.43</b>	<b>2,937.75</b>
<b>Profit before prior period expenses and tax</b>		<b>347.44</b>	<b>296.65</b>
Prior period expenses		-	0.58
<b>Profit before tax</b>		<b>347.44</b>	<b>296.07</b>
<b>Tax expense</b>			
- Current tax		77.66	61.70
- Deferred tax		14.60	8.15
- Minimum alternate tax credit		(4.86)	(6.04)
		<b>87.40</b>	<b>63.81</b>
<b>Profit for the year before minority interest and share of loss from associate companies</b>		<b>260.04</b>	<b>232.26</b>
Minority interest		15.89	26.08
Share of loss from associate companies		0.08	0.05
<b>Profit for the year</b>		<b>244.07</b>	<b>206.13</b>
<b>Earnings per equity share - par value of ₹ 10 per share</b>			
- Basic and diluted	2.32	42.67	38.74
<b>Significant accounting policies and Notes to accounts</b>	1 & 2		

The notes referred to above form an integral part of the consolidated financial statements

As per our joint report of even date attached

for **B S R & Co.**  
Chartered Accountants  
Firm's Registration No: 101248W

for **Visweswara Rao & Associates**  
Chartered Accountants  
Firm's Registration No: 005774S

for **Ramky Infrastructure Limited**

**Zubin Shekary**  
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Executive Chairman

**Y R Nagaraja**  
Managing Director

Hyderabad  
29 May 2012

**R S Garg**  
Chief Financial Officer

**V Phanibhushan**  
Company Secretary

# Consolidated Cash Flow Statement

(₹ in Crores)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Cash flows from operating activities:</b>		
Profit before tax	347.44	296.07
Adjustments:		
Depreciation and amortization expense	43.17	23.14
Interest expenses	213.69	122.03
Provision for doubtful trade receivables	14.49	3.35
Provision for foreseeable loss	8.50	-
Provision for doubtful loans and advances	6.92	-
Loss on sale of fixed assets, net	0.53	0.40
Interest income	(17.47)	(9.15)
Liabilities no longer required written back	(9.61)	-
Dividend income	(0.01)	(0.01)
Loss on foreign currency transactions and translation	2.22	0.47
<b>Operating profit before working capital changes</b>	<b>609.87</b>	<b>436.30</b>
Increase in inventories	(421.61)	(49.58)
Increase in trade receivables	(238.30)	(705.76)
Increase in loans and advances	(188.26)	(248.51)
Increase in liabilities and provisions	224.48	828.18
<b>Cash generated from/(used in) operations</b>	<b>(13.82)</b>	<b>260.63</b>
Increase in receivables due to service concession arrangements	(216.91)	(211.52)
Income taxes paid	(51.60)	(67.43)
<b>Net cash used in operating activities</b>	<b>(282.33)</b>	<b>(18.32)</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(408.37)	(403.26)
(Increase)/Decrease in capital advances	3.91	(27.68)
Increase in capital creditors	2.68	0.81
Proceeds from sale of fixed assets	2.31	0.26
Purchase of investments	(3.25)	-
Proceeds from sale of investments	-	0.02
Interest received	19.46	5.61
Dividend income	0.01	0.01
<b>Net cash used in investing activities</b>	<b>(383.25)</b>	<b>(424.23)</b>

(Contd.)



Consolidated cash flow statement (Contd.)

(₹ in Crores)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Cash flows from financing activities:</b>		
Proceeds from issue of share capital	-	350.00
Share issue expenses	(0.10)	(14.41)
Proceeds from minority	0.05	1.89
Proceeds from term loans	601.50	141.59
Repayment of term loans	(169.70)	(86.50)
Net proceeds from short-term borrowings	266.60	65.08
Net proceeds from unsecured loans	102.96	64.57
Hypothecation loans taken	43.01	141.26
Hypothecation loans repaid	(45.01)	(39.43)
Interest paid	(206.67)	(120.00)
Dividend and dividend distribution tax paid	(36.75)	-
<b>Net cash provided by financing activities</b>	<b>555.89</b>	<b>504.05</b>
Net increase/(decrease) in cash and bank balances	(109.69)	61.50
Cash and bank balances at the beginning of the year (refer note)	229.26	167.76
Effect of exchange gain on cash and bank balances	0.22	-
<b>Cash and bank balances at the end of the year (refer note)</b>	<b>119.79</b>	<b>229.26</b>
<b>Note:</b>		
Cash and bank balances comprise:		
<b>Cash and cash equivalents</b>		
Cash on hand	0.71	0.62
Cheques on hand	0.01	8.43
Balances with banks:		
- in current accounts	34.41	39.26
- in deposit accounts	34.15	136.31
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months*	50.50	44.64
Balances with bank for unclaimed dividend	0.01	-
	<b>119.79</b>	<b>229.26</b>

\* Includes amount of ₹ 49.39 crores (previous year: ₹ 26.53 crores) held as margin money or security deposit against bank guarantees and other commitments.

As per our joint report of even date attached

for **B S R & Co.**  
Chartered Accountants  
Firm's Registration No: 101248W

for **Visweswara Rao & Associates**  
Chartered Accountants  
Firm's Registration No: 005774S

for **Ramky Infrastructure Limited**

**Zubin Shekary**  
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**A Ayodhya Rami Reddy**  
Executive Chairman

**Y R Nagaraja**  
Managing Director

Hyderabad  
29 May 2012

**R S Garg**  
Chief Financial Officer

**V Phanibhushan**  
Company Secretary

# Notes to the consolidated financial statements

## Note 1: Significant accounting policies

### 1.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards (AS) prescribed by Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI), guidelines issued by the Securities and Exchange Board of India (SEBI) and the relevant provisions of the Companies Act, 1956, (the 'Act') to the extent applicable. The consolidated financial statements are presented in Indian rupees crores, unless otherwise stated.

### 1.2 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

### 1.3 Principles of consolidation

The consolidated financial statements relate to Ramky Infrastructure Limited ("the Company") and its subsidiary companies, associates and jointly controlled entities (the "Group"). The Consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated in full as per AS-21 "Consolidated Financial Statements" issued under Companies (Accounting Standards) Rules, 2006. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.
- The consolidated foreign subsidiary has been identified as non integral operations in accordance with the requirements of AS -11 "The Effect of Changes in Foreign Exchange rates" which is effective for the accounting

periods commencing on or after 1 April 2004. In accordance with AS -11, the financial statements of such non-integral foreign operations are translated into Indian rupees as follows:

- ✓ All assets and liabilities, both monetary and non-monetary, are translated using the closing rate.
- ✓ Revenue items are translated at the respective monthly average rates.
- ✓ The resulting net exchange difference is credited or debited to a foreign currency translation reserve.
- ✓ Contingent liabilities are translated at the closing rate.
- Minority interest in the net assets of consolidated subsidiaries consists of: (a) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and (b) the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- The Group accounts for investments by the equity method of accounting in accordance with AS-23 "Accounting for Investment in Associates in Consolidated Financial Statements" issued under Companies (Accounting Standards) Rules, 2006 where it is able to exercise significant influence over the operating and financial policies of the investee. Inter company profits and losses have been proportionately eliminated until realised by the investor or investee.
- Interest in jointly controlled entities have been consolidated by using the 'proportionate consolidation' method as per Accounting Standard (AS) 27 - 'Financial Reporting of Interests in Joint Ventures' notified by the Companies (Accounting Standards) Rules, 2006.
- The excess/deficit of cost to the parent company of its investment in the subsidiaries, associates and jointly controlled entities over its portion of equity at the respective dates on which investment in such entities were made is recognised in the financial statements as goodwill/capital reserve. The parent company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment.
- The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2012.

## Notes to the consolidated financial statements

### Note 1: Significant accounting policies (Contd.)

- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### 1.4 Inventories

- (i) Inventories are carried at the lower of cost and net realisable value.
- (ii) Cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The method of determination of cost is as follows:
  - (a) **Materials and supplies:** on a weighted average method.
  - (b) **Uncertified contract work-in-progress:** at cost
  - (c) **Inventories:** In case of the real estate activity, the inventories comprise of lands, development of lands, plots, houses and flats. It is valued at direct development cost including related incidental expenditure attributable to the said property to bring it to the marketable stage.

#### 1.5 Consolidated Cash flow statement

Cash flows of the Group are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the group are segregated.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

#### 1.7 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes purchase price, non-refundable taxes, duties, freight and other incidental expenses related to the acquisition or installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Depreciation on fixed assets is provided using the straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956. In the opinion of the management, the rates specified in Schedule XIV reflect the economic useful lives of these assets. Fixed assets of components outside India are depreciated over the useful lives of the assets.

Depreciation is calculated on a pro-rata basis from/upto the date the assets are purchased/sold.

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of acquisition.

#### 1.8 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured.

Revenue from long term construction contracts is recognised on the percentage of completion method as prescribed in Accounting Standard (AS) 7 "Construction contracts" notified by the Companies Accounting Standards Rules, 2006. Percentage of completion is determined on the basis of physical proportion of work completed and measured at the balance sheet date as compared to the overall work to be performed on the projects as in the opinion of the management, this method measures the work performed reliably. However, profit is not recognised unless there is reasonable progress on the contract. Where the probable total cost of a contract is expected to exceed the corresponding contract revenue, such expected loss is provided for.

In case of project related development activities, revenue is recognised by reference to the stage of completion of the development activity as at the balance sheet date as laid down in "Guidance note on Recognition of Revenue by Real Estate Developers" read with Accounting Standard-7 "Accounting for Construction Contracts". The stage of completion is determined at the proportion cost incurred to date to the total estimated cost of the project.

The Group builds infrastructure facilities (roads) under public-to-private Service Concession Arrangements (SCAs) which it operates and maintains for periods specified in the SCAs. These projects that are in the nature of 'Build Operate and Transfer' (BOT) meet the characteristics of a public-to-private service concession arrangement. The Group recognises and measures revenue in accordance with Accounting Standard (AS) 7 'Construction Contracts' and Accounting Standard (AS) 9 'Revenue Recognition' for the construction or upgrade and operating and maintenance services it performs under the contract or arrangement as prescribed in the Exposure Draft Guidance note on Accounting for Service Concession Arrangements.

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset

## Notes to the consolidated financial statements

### Note 1: Significant accounting policies (Contd.)

from the grantor. The Group has recognised a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from the grantor for the construction and operation and maintenance services. Such financial assets are classified as "Receivables under Service Concession Arrangements". Interest income arising on account of the Receivables under Service Concession Arrangements is recognised in the statement of profit and loss using the effective interest rate method.

The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the recoverable amount. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service. The Group has recognised an intangible asset to the extent that it has an unconditional contractual right to receive the revenue from toll collections from the users of the public service developed by the group. Such intangible assets are classified as "Concession intangibles" under fixed assets.

Income from other operation and maintenance contracts is recognised on the basis of utilisation of the facility by the clients and is based on the agreements entered into with the clients.

Dividend income is recognised when the unconditional right to receive the income is established. Income from interest on deposits and interest bearing securities is recognised on the time proportionate method taking into account the amount outstanding and the rate applicable.

#### 1.9 Foreign currency transactions, balances and translation of financial statements of foreign subsidiaries

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions or at an average monthly rate that approximates the actual rate at the date of transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at year-end rates. The resultant exchange differences are recognised in the statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

#### 1.10 Derivative instruments and hedge accounting

The Group uses foreign exchange forward contracts to mitigate its risk of changes in foreign currency exchange rates and does not use them for trading or speculative purposes.

The premium or discount on foreign exchange forward contracts is amortized as income or expense over the life of the contract. The exchange difference is calculated and

recorded in accordance with AS-11 (revised). The exchange difference on such a forward exchange contract is calculated as the difference of the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognised in the statement of profit and loss in the reporting period in which the exchange rates change.

#### 1.11 Investments

Long-term investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

#### 1.12 Employee benefits

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss on accrual basis.

Contributions to superannuation fund, which is a defined contribution scheme, are made at pre-determined rates to the Life Insurance Corporation of India on a monthly basis.

Employee gratuity and long term compensated absences, which are defined benefit schemes, are accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary and are charged to statement of profit and loss. All actuarial gains and losses arising during the year are recognised in the statement of profit and loss.

#### 1.13 Borrowing costs

Borrowing costs directly attributable to the acquisition/construction of the qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.14 Segment reporting

The Group's operating businesses are organized and managed separately according to the nature of business and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

## Notes to the consolidated financial statements

### Note 1: Significant accounting policies (Contd.)

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs. General corporate income and expense items are not allocated to any business segment.

#### 1.15 Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### 1.16 Earnings per share

The basic and diluted earnings per share are computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company does not have any potentially dilutive equity shares.

#### 1.17 Taxation

Income tax expense comprises current tax, deferred tax and Minimum Alternative Tax.

##### *Current tax*

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Group.

##### *Deferred tax*

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written-down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. The break-up of the major components of the deferred tax assets and liabilities as at the balance sheet date have been arrived at after setting off deferred tax assets and liabilities where the Group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

##### *Minimum Alternate Tax (MAT) Credit entitlement*

Minimum Alternative Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that

the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

#### 1.18 Intangible assets and amortization

Intangible assets, other than those covered by SCAs, comprise of software. Intangible assets are reported at acquisition cost with deductions for accumulated amortisation and impairment losses, if any. Intangible assets are amortised over their estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Group for its use.

#### 1.19 Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset (including goodwill) or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash in flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

#### 1.20 Provisions and contingent liabilities

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.1 Share Capital</b>		
<b>Authorised capital</b>		
70,000,000 (previous year : 70,000,000) equity shares of ₹ 10 each	70.00	70.00
	<b>70.00</b>	<b>70.00</b>
<b>Issued, Subscribed and Paid-up</b>		
57,197,791 (previous year : 57,197,791) equity shares of ₹ 10 each, fully paid-up	57.20	57.20
	<b>57.20</b>	<b>57.20</b>

i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Equity Shares:</b>		
<b>(a) Number of shares:</b>		
Shares outstanding at the beginning of the year	57,197,791	49,420,014
Add: Issued and allotted during the year (refer to note 2.39)	-	7,777,777
Shares outstanding at the end of the year	<b>57,197,791</b>	<b>57,197,791</b>
<b>(b) Share capital: (₹ in crores)</b>		
Share capital outstanding at the beginning of the year	57.20	49.42
Add: Share capital issued and allotted during the year (refer to note 2.39)	-	7.78
Share capital outstanding at the end of the year	<b>57.20</b>	<b>57.20</b>

ii) Rights, preferences and restrictions attached to the equity shares:

- (a) The Company has only one class of equity shares having par value of ₹ 10 each. Each shareholder is eligible for one vote per share held.
- (b) The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting.
- (c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders.

iii) The details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2012	As at 31 March 2011
Alla Ayodhya Rami Reddy:		
Number of equity shares	34,295,425	34,281,187
% of holding	59.96 %	59.93 %
SA1 Holding Infrastructure Company Private Limited:		
Number of equity shares	4,165,884	4,165,884
% of holding	7.28 %	7.28 %

iv) The Company had issued 41,183,345 equity shares of ₹ 10 each during the financial year 2007-08, as fully paid bonus shares by way of capitalisation of securities premium amount.

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.2 Reserves and surplus</b>		
<b>Capital reserve on account of consolidation:</b>		
Balance at the beginning of the year	87.54	87.54
Additions/(deductions) during the year	-	-
<b>Balance at the end of the year</b>	<b>87.54</b>	<b>87.54</b>
<b>Securities premium account:</b>		
Balance at the beginning of the year	408.13	80.61
Add: Addition during the year (refer to note 2.39)	-	342.22
Less: Share issue expenses (refer to note 2.39)	-	14.70
<b>Balance at the end of the year</b>	<b>408.13</b>	<b>408.13</b>
<b>General Reserves:</b>		
Balance at the beginning of the year	25.00	-
Add: Transferred from surplus	-	25.00
<b>Balance at the end of the year</b>	<b>25.00</b>	<b>25.00</b>
<b>Foreign exchange translation reserve:</b>		
Balance at the beginning of the year	(1.84)	(0.17)
Add: Movement during the year	14.98	(1.67)
<b>Balance at the end of the year</b>	<b>13.14</b>	<b>(1.84)</b>
<b>Surplus in the statement of profit and loss account:</b>		
Balance at the beginning of the year	488.67	337.51
Add: Net profit after tax transferred from statement of profit and loss	244.07	206.13
Add: Excess dividend distribution tax written back	0.99	-
Add: Deferred tax asset pertaining to earlier years	-	0.94
Less: Provision for tax of earlier years (refer to note 2.36)	(66.56)	-
<b>Amount available for appropriations</b>	<b>667.17</b>	<b>544.58</b>
<b>Less: Appropriations</b>		
Proposed dividend on equity shares	-	(25.74)
Tax on proposed dividend	-	(5.17)
Transferred to general reserve	-	(25.00)
<b>Balance at the end of the year</b>	<b>667.17</b>	<b>488.67</b>
	<b>1,200.98</b>	<b>1,007.50</b>
<b>2.3 Long-term borrowings</b>		
<b>Secured loans</b>		
(refer to note 2.33)		
<b>From banks:</b>		
- Term loans	562.36	408.52
- Equipment and vehicle loans	23.08	30.69
<b>From others:</b>		
- Term loans	408.91	119.05
- Equipment and vehicle loans	56.76	57.62
	<b>1,051.11</b>	<b>615.88</b>

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.4 Deferred tax</b>		
Deferred tax liability, net included in the balance sheet comprises the following:		
<b>Deferred tax asset:</b>		
Carry forward losses	3.13	2.17
Accrued employee benefits	1.90	1.54
Provision for doubtful receivables and advances	8.04	1.09
Other timing differences (Primarily on disallowances under Section 43B of the Income Tax Act, 1961)	10.30	7.99
<b>Deferred tax liability:</b>		
Excess of depreciation allowable under Income tax law over depreciation provided in accounts	27.49	16.03
On account of financial asset (receivable) and intangible asset recognised based on adoption of exposure draft of the guidance note on accounting for service concession arrangements (refer to note 2.30)	47.16	33.43
<b>Net deferred tax liability</b>	<b>51.28</b>	<b>36.67</b>
<b>Breakup:</b>		
Deferred tax assets (net)	5.12	1.21
Deferred tax liabilities (net)	56.40	37.88
<b>2.5 Other long-term liabilities</b>		
Trade payables (refer note below)	11.73	12.69
Mobilisation and other advances	4.90	4.90
Other payables	20.03	30.41
	<b>36.66</b>	<b>48.00</b>
<b>Note:</b>		
Trade payables includes retention money payable of ₹ 2.78 crores (previous year ₹ 2.78 crores).		
<b>2.6 Long-term provisions</b>		
Provision for earlier years income tax (refer to note 2.36)	66.56	-
Provision for employee benefits:		
- Gratuity (refer to note 2.35)	1.84	0.92
- Compensated absences	1.07	2.29
	<b>69.47</b>	<b>3.21</b>



Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.7 Short-term borrowings</b>		
<b>Secured</b> (refer to note 2.33)		
<b>From banks:</b>		
<b>(a) Loans repayable on demand:</b>		
- Cash credit	257.99	269.05
<b>(b) Other than loans repayable on demand:</b>		
- Buyers credit	24.63	-
- Working capital loans	434.25	179.00
	<b>716.87</b>	<b>448.05</b>
<b>Unsecured</b> (refer to note 2.33)		
<b>(a) Loans repayable on demand:</b>		
- From bank	60.00	-
- From others (corporate)	108.67	58.73
<b>(b) Other than loans repayable on demand:</b>		
- Buyers credit	-	6.98
	<b>168.67</b>	<b>65.71</b>
	<b>885.54</b>	<b>513.76</b>
<b>2.8 Trade payables</b>		
<b>Trade payables:</b>		
- due to micro, small and medium enterprises	-	-
- due to other than micro, small and medium enterprises	1,212.30	991.45
	<b>1,212.30</b>	<b>991.45</b>
<b>Note:</b>		
Trade payables includes retention money payable of ₹ 339.68 crores (previous year ₹ 237.62 crores).		
<b>2.9. Other current liabilities</b>		
<b>Current maturities of long-term debts:</b> (refer to note 2.33)		
<b>From banks:</b>		
- Term loans	97.24	116.91
- Equipment and vehicle loans	13.67	16.84
<b>From others:</b>		
- Term loans	13.06	5.29
- Equipment and vehicle loans	38.59	28.95
	<b>162.56</b>	<b>167.99</b>
Mobilisation and other advances	623.57	642.29
Advances from customers	122.91	118.82
Security deposits received	23.17	32.18
Dues to statutory/governments authorities	20.45	18.74
Capital creditors	3.49	0.81
Interest accrued and due on borrowings	5.08	1.99
Interest accrued but not due	5.73	1.80
Unclaimed dividend	0.01	-
Other liabilities	46.25	33.21
	<b>1,013.22</b>	<b>1,017.83</b>

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.10 Short-term provisions</b>		
Provision for taxation (net of advance tax)	8.34	4.24
Proposed dividend	-	31.62
Dividend distribution tax	-	6.12
Provision for foreseeable loss	8.50	-
Provision for employee benefits:		
- Gratuity (refer to note 2.35)	0.20	0.17
- Compensated absences	2.85	1.40
	<b>19.89</b>	<b>43.55</b>

2.11 Fixed assets

(₹ in Crores)

Description	Gross block				Accumulated depreciation and amortization						Net block	
	As at 1 April 2011	Additions	Deletions/ Adjust- ments	Foreign exchange adjust- ments	As at 31 March 2012	As at 1 April 2011	Charge for the year	Deletions/ Adjust- ments	Foreign exchange adjust- ments	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
<b>Tangible assets:</b>												
<i>(Owned)</i>												
Freehold land	9.18	-	-	-	9.18	-	-	-	-	-	9.18	9.18
Buildings	83.54	3.71	-	-	87.25	3.82	3.97	-	0.01	7.80	79.45	79.72
Plant and equipments	342.52	107.33	2.96	1.41	448.30	35.36	23.66	0.24	0.17	58.95	389.35	307.16
Furniture and fixtures	4.48	1.77	-	0.03	6.28	1.80	0.98	-	0.01	2.79	3.49	2.68
<b>Vehicles:</b>												
- Construction vehicles	59.19	4.62	0.19	-	63.62	9.46	6.92	0.10	-	16.28	47.34	49.73
- Other vehicles	16.49	10.32	0.05	0.70	27.46	3.04	3.57	0.02	0.10	6.69	20.77	13.45
Office equipment	15.52	4.33	-	0.06	19.91	2.42	1.27	-	0.12	3.81	16.10	13.10
Computer equipment	9.34	2.07	-	-	11.41	4.96	1.48	-	-	6.44	4.97	4.38
Roads, water supply	9.78	0.03	-	-	9.81	2.15	0.97	-	-	3.12	6.69	7.63
<b>Total</b>	<b>550.04</b>	<b>134.18</b>	<b>3.20</b>	<b>2.20</b>	<b>683.22</b>	<b>63.01</b>	<b>42.82</b>	<b>0.36</b>	<b>0.41</b>	<b>105.88</b>	<b>577.34</b>	<b>487.03</b>
Previous year	194.22	356.77	0.95	-	550.04	40.34	22.95	0.28	-	63.01	487.03	
<b>Intangible assets:</b>												
<i>(Owned)</i>												
Computer software	1.91	0.68	-	-	2.59	0.35	0.35	-	-	0.70	1.89	1.56
<b>Total</b>	<b>1.91</b>	<b>0.68</b>	<b>-</b>	<b>-</b>	<b>2.59</b>	<b>0.35</b>	<b>0.35</b>	<b>-</b>	<b>-</b>	<b>0.70</b>	<b>1.89</b>	<b>1.56</b>
Previous year	0.89	1.02	-	-	1.91	0.16	0.19	-	-	0.35	1.56	
<b>Intangible assets under development:</b>												
<i>(Owned)</i>												
Computer software	-	5.45	-	-	5.45	-	-	-	-	-	5.45	-
Concession intangibles (refer to note 2.30)	136.85	274.39	-	-	411.24	-	-	-	-	-	411.24	136.85
<b>Total</b>	<b>136.85</b>	<b>279.84</b>	<b>-</b>	<b>-</b>	<b>416.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>416.69</b>	<b>136.85</b>
Previous year	-	136.85	-	-	136.85	-	-	-	-	-	136.85	

## Notes to the consolidated financial statements

## 2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.12 Non-current investments</b>		
<b>Long-term investments at cost, unless otherwise specified</b>		
<b>I. Unquoted investments: Trade</b>		
<b>a) Investments in equity instruments of associates:</b>		
Ramky Integrated Township Limited	87.42	87.49
18,241 (previous year: 18,241) equity shares of ₹ 10 each, fully paid		
JNPC Pharma Innovation Limited	0.05	-
50,000 (previous year: Nil) equity shares of ₹ 10 each, fully paid		
<b>b) Investments in equity instruments of others:</b>		
Delhi MSW Solutions Limited	0.01	0.01
5,000 (previous year: 5,000) equity shares of ₹ 10 each, fully paid		
<b>Total of unquoted investments (a+b)</b>	<b>87.48</b>	<b>87.50</b>
<b>II. Quoted investments - Other than trade; at cost</b>		
<b>c) Investments in equity instruments of others:</b>		
Canara Bank Limited	0.04	0.04
11,600 (previous year: 11,600) equity shares of ₹ 10 each, fully paid		
<b>d) Investment in mutual fund:</b>		
17,817.34 (previous year: Nil) units in IDFC cash fund - growth	3.20	-
<b>Total of quoted investments (c+d)</b>	<b>3.24</b>	<b>0.04</b>
<b>Total non-current investments (I+II)</b>	<b>90.72</b>	<b>87.54</b>
The aggregate book value and market value of quoted non-current investments and book value of unquoted non-current investments are as follows:		
Quoted investments:		
- Aggregate book value	3.24	0.04
- Aggregate market value	3.93	0.73
Aggregate book value of unquoted non-current investments	87.48	87.50

## Notes to the consolidated financial statements

## 2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.13 Long-term loans and advances</b>		
<b><i>Unsecured, considered good:</i></b>		
Capital advances	23.77	27.68
Share application money pending allotment	10.00	10.00
Advances recoverable in cash or in kind or for value to be received	10.22	32.95
Security deposits	6.77	7.00
Other loans and advances:		
- Earnest money deposit	1.67	1.79
- Receivables from statutory/government authorities	36.82	32.98
- Receivables from income tax authority	32.35	19.92
- Prepaid expenses	6.09	11.51
- Minimum alternate tax credit entitlement	15.48	10.63
	<b>143.17</b>	<b>154.46</b>
<b><i>Unsecured, considered doubtful:</i></b>		
Earnest money deposit	0.34	-
Advances recoverable in cash or in kind or for value to be received	6.58	-
	<b>6.92</b>	<b>-</b>
<b><i>Provision for doubtful advances:</i></b>		
Earnest money deposit	(0.34)	-
Advances recoverable in cash or in kind or for value to be received	(6.58)	-
	<b>(6.92)</b>	<b>-</b>
	<b>143.17</b>	<b>154.46</b>
<b>2.14 Other non-current assets</b>		
<b>Trade receivables:</b>		
(refer note a below)		
- Unsecured, considered good	18.64	26.57
- Unsecured, considered doubtful	17.84	3.35
	<b>36.48</b>	<b>29.92</b>
Less: Provision for doubtful trade receivables	(17.84)	(3.35)
	<b>18.64</b>	<b>26.57</b>
Long-term bank deposits (refer note b below)	1.83	-
Receivables under service concession arrangements (refer to note 2.30)	940.45	765.50
	<b>960.92</b>	<b>792.07</b>
<b>Notes:</b>		
a. Trade receivables includes retention money receivable of ₹ 11.48 crores (previous year ₹ 9.01 crores). Provision for doubtful trade receivables includes provision for retention money receivables amounting to ₹ 5.87 crores (previous year Nil).		
b. Long-term bank deposits representing margin money against bank guarantees and other commitments.		
<b>2.15 Inventories</b>		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw materials and components	218.07	178.09
Contract work-in-progress	498.50	203.48
Properties under development	307.22	215.57
Traded goods	0.14	5.18
	<b>1,023.93</b>	<b>602.32</b>

## Notes to the consolidated financial statements

## 2. Notes to accounts (Contd.)

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
<b>2.16 Trade receivables</b>		
<i>(Unsecured, considered good)</i>		
Outstanding for period exceeding six months	325.35	187.04
Other debts	1,266.41	1,172.98
	<b>1,591.76</b>	<b>1,360.02</b>
<b>Note:</b> Trade receivables includes retention money receivable of ₹ 509.03 crores (previous year ₹ 420.40 crores).		
<b>2.17 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	0.71	0.62
Cheques on hand	0.01	8.43
<b>Balance with banks:</b>		
- in current accounts	34.41	39.26
- in deposit accounts	34.15	136.31
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months*	50.50	44.64
Balances with bank for unclaimed dividend	0.01	-
	<b>119.79</b>	<b>229.26</b>
* Includes amount of ₹ 49.39 crores (previous year: ₹ 26.53 crores) held as margin money or security deposit against bank guarantees and other commitments.		
<b>2.18 Short-term loans and advances</b>		
<i>(Unsecured, considered good)</i>		
Loans and advances to related parties	27.83	41.56
Mobilisation and material advances	308.28	170.22
Advances recoverable in cash or in kind or for value to be received	192.71	150.59
Advance towards purchase of industrial lands	10.26	13.60
Security deposits	7.31	13.63
Other loans and advances:		
- Earnest money deposit	19.13	15.59
- Advance tax (net of provision)	28.57	56.97
- Balances with statutory/government authorities	29.73	15.30
- Prepaid expenses	33.63	16.76
- Loans and advances to employees	2.43	2.11
- Other advances	34.82	28.57
	<b>694.70</b>	<b>524.90</b>
<b>2.19 Other current assets</b>		
Interest accrued but not due	4.49	6.48
Receivables under service concession arrangements (refer to note 2.30)	157.54	115.58
	<b>162.03</b>	<b>122.06</b>

## Notes to the consolidated financial statements

## 2. Notes to accounts (Contd.)

(₹ in Crores)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>2.20 Revenue from operations</b>		
Revenue from construction activities	3,631.36	2,911.71
Revenue from sale of residential flats and industrial lands	137.61	206.68
Sale of traded goods	33.85	1.43
Operating and maintenance income	44.86	27.08
	<b>3,847.68</b>	<b>3,146.90</b>
<b>2.21 Other operating income</b>		
Interest on receivables under service concession arrangements	83.67	65.76
Scrap sale	2.69	0.97
	<b>86.36</b>	<b>66.73</b>
<b>2.22 Other income</b>		
Interest income	17.47	9.15
Dividend income	0.01	0.01
Other non-operating income:		
- Equipment rent	0.75	0.09
- Liabilities no longer required written back	9.61	-
- Miscellaneous income	8.99	11.52
	<b>36.83</b>	<b>20.77</b>
<b>2.23 Cost of traded materials consumed</b>		
Opening stock	5.18	-
Add: Purchases	26.48	6.49
Less: Closing stock	(0.14)	(5.18)
	<b>31.52</b>	<b>1.31</b>
<b>2.24 Construction and development expenses</b>		
Contract materials and supplies consumed	1,085.76	712.83
Sub-contractor expenses	1,259.62	1,187.43
Development expenses	341.55	228.57
Labour contract charges	241.39	179.33
Rate and taxes	105.96	78.53
Power and fuel	65.02	20.24
Contract consultancy charges	60.09	76.82
Hire charges	44.88	25.06
Operating and maintenance expenses	33.66	23.32
Transportation charges	25.56	10.19
Contract recoveries	24.55	17.99
Royalty	13.73	7.23
Site installation charges	12.95	6.70
Repairs and maintenance - plant and machinery	8.89	6.54
Consumables and other site expenses	13.68	7.58
	<b>3,337.29</b>	<b>2,588.36</b>

## Notes to the consolidated financial statements

## 2. Notes to accounts (Contd.)

(₹ in Crores)

	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>2.25 Employee benefits expense</b>		
Salaries, wages and bonus	121.29	94.44
Contribution to provident fund and other funds	6.06	4.37
Workmen and staff welfare expenses	10.45	6.29
Compensated absences	1.09	3.70
Gratuity (refer to note 2.35)	1.11	1.13
	<b>140.00</b>	<b>109.93</b>
<b>2.26 Finance costs</b>		
Interest expenses	<b>213.69</b>	122.03
Other borrowing costs	22.56	18.07
Loss on foreign currency transactions and translation	2.22	0.47
	<b>238.47</b>	<b>140.57</b>
<b>2.27 Other expenses</b>		
Legal and professional charges	15.92	5.15
Rent	12.22	6.18
Security charges	10.06	4.70
Traveling and conveyance	8.85	4.92
Rates and taxes	7.31	3.53
Insurance	6.51	4.39
Repairs and maintenance		
- Buildings	4.80	2.58
- Others	3.30	1.18
Electricity charges	4.51	2.59
Communication expenses	3.44	2.22
Printing and stationary	2.88	1.93
Tender forms and registration charges	2.79	2.40
Donations	2.21	1.40
Advertisement	2.86	1.02
Business promotion expenses	1.42	2.32
Loss on sale of fixed assets, net	0.53	0.40
Provision for doubtful trade receivables	14.49	3.35
Provision for foreseeable loss	8.50	-
Provision for doubtful loans and advances	6.92	-
Miscellaneous expenses	8.22	3.03
	<b>127.74</b>	<b>53.29</b>

**Notes to the consolidated financial statements**

**2. Notes to accounts (Contd.)**

**2.28 Description of the Group**

Ramky Infrastructure Limited (RIL) is an integrated construction, infrastructure development and management company headquartered in Hyderabad, India. The Company diversified in a range of construction and infrastructure projects in various sectors such as water and waste water, transportation, irrigation, industrial construction and parks (including SEZs), power transmission and distribution, and residential, commercial and retail property. A majority of the development projects of the Company are based on Public-Private partnerships (PPP) and are operated by separate Special Purpose Vehicles (SPV) promoted by RIL, joint venture partners and respective Governments.

Ramky Infrastructure Limited has following subsidiaries, jointly controlled entities and associates (collectively referred to as "the Group"), which are included in consolidated financial statements and Company's holding there in are as follows:

Entity	Country of incorporation	% Holding 2011-12	% Holding 2010-11
<b>Subsidiaries and step-down subsidiary:</b>			
MDDA-Ramky IS Bus Terminal Limited	India	100%	100%
Ramky Engineering and Consulting Services (FZC)	Sharjah, United Arab Emirates	100%	100%
Ramky Pharma City (India) Limited	India	51%	51%
Gwalior Bypass Project Limited	India	51%	51%
Ramky Elsamex Hyderabad Ring Road Limited	India	74%	74%
Ramky Towers Limited	India	51%	51%
Ramky Food Park (Chhattisgarh) Limited	India	100%	100%
Naya Raipur Gems and Jewellery SEZ limited	India	100%	100%
Ramky Herbal and Medicinal Park (Chhattisgarh) Limited	India	100%	100%
Ramky Enclave Limited	India	89.01%	89.01%
Ramky MIDC Agro Processing Park Limited	India	100%	100%
Srinagar Banihal Expressway Limited	India	74%	74%
Ramky Food Park (Karnataka) Limited	India	100%	100%
Ramky Multi Product Industrial Park Limited	India	100%	100%
Sehore Kosmi Tollways Limited	India	100%	-
Agra Etawah Tollways Limited	India	100%	-
Hospet Chitradurga Tollways Limited	India	100%	-
Frank Llyod Tech Management Services Limited	India	76%	-
Ramky Infrastructure Sociedad Anonima Cerradada (step-down subsidiary)	Peru	99%	-
<b>Joint controlled entities:</b>			
Jorabat Shillong Expressway Limited	India	50%	50%
N.A.M.Expressway Limited	India	50%	50%
<b>Associates:</b>			
Ramky Integrated Township Limited	India	29.19%	29.19%
JNPC Pharma Innovation Limited	India	33.33%	-



Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

2.29 Contingent Liabilities:

(₹ in Crores)

	As at 31 March 2012	As at 31 March 2011
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	450.65	1,012.04
ii) Contingent liabilities:		
(a) Guarantees issued by banks	1455.56	1,162.88
(b) Corporate guarantees	13.50	18.16
(c) Letters of credit outstanding	85.21	71.77
(d) Others	-	0.11
iii) Claims against the Group not acknowledged as debts in respect of:		
(a) Income tax matters (refer note 2.36 given below)	-	66.16
(b) Indirect tax and other matters	142.21	110.99
(c) Disputed claims from customers and vendors	5.23	6.19

2.30 Service Concession Arrangements

The Company had adopted the Exposure Draft of the Guidance Note on Accounting for Service Concession Arrangements for certain construction service contracts that in substance are Build, Operate and Transfer (BOT) contracts. Management believes that in the absence of an existing prescribed accounting standard in India on accounting for such contracts, developing and applying an accounting policy similar to the accounting treatment prescribed by the Exposure Draft of the guidance note is relevant to the economic decision making needs of users and reflects the economic substance of such contracts. Further, management also believes that the revised accounting policy results in the financial statements providing reliable and more relevant information.

**Description of the arrangements:**

The following subsidiaries and jointly controlled entities ("the Concessionaire") of the Company have entered into a services concession arrangement (s) (SCA) with various authorities ("the Grantor") for Design, Construction, Development, Finance, Operation and Maintenance of Road Projects on Build, Operate and Transfer (BOT) basis. As per SCA, the Concessionaire is required to construct the Road, required to operate and maintain the Road and is required to resurface the Road, at its cost and during the period in the manner so defined in the SCA. At the end of the concession period the Concessionaire will hand over the Road to the Grantor for no consideration. The premature termination is permitted only upon the happening of force majeure events or upon the parties defaulting on their respective obligations.

I. The following are annuity based service concession arrangements. In consideration for performing its obligations under the SCA, the Concessionaire will be entitled to an annuity of predefined sums receivable on dates specified in the annuity payment schedule of the SCA. The Grantor will retain the right to levy and collect fees from users of the Road and to permit advertisements, hoardings and other commercial activity at the Road site. Having regard to the terms of the arrangement, the right to receive annuity has been classified as a financial asset (i.e. "Receivables under the service concession arrangement") in the financial statements.

**a) Ramky Elsamex Hyderabad Ring Road Limited (REHRL):**

REHRL has entered into a service concession arrangement with Hyderabad Metropolitan Development Authority (HMDA) for a period of fifteen (15) years from commencement date i.e. 27 November 2007 including construction period of two years and six months. The construction activities were completed on 26 November 2009. The SCA does not provide for any renewal of this arrangement.

**b) Gwalior Bypass Project Limited (GBPL):**

GBPL has entered into a service concession arrangement with National Highway Authority of India (NHAI) for a period of twenty (20) years from commencement date i.e. 7 April 2007 including construction period of two years and six months. The SCA does not provide for any renewal of this arrangement.

**c) Jorabat Shillong Expressway Limited (JSEL):**

JSEL has entered into a service concession arrangement with National Highway Authority of India (NHAI) for a period of twenty (20) years from commencement date i.e. 12 January 2011 including construction period of three years. The SCA does not provide for any renewal of this arrangement.

**Notes to the consolidated financial statements**

**2. Notes to accounts (Contd.)**

**Service Concession Arrangements (Contd.)**

**d) Srinagar Banihal Expressway Limited (SBEL):**

SBEL has entered into a service concession arrangement with National Highway Authority of India (NHAI) for a period of twenty (20) years from commencement date i.e. 27 June 2011 including construction period of three years. The SCA does not provide for any renewal of this arrangement.

**II.** The following are toll based service concession arrangements. In consideration for performing its obligations under the SCA, the Concessionaire will be entitled to collect toll/user charges from the users of Road. Having regard to the terms of the arrangement, the right to receive toll has been classified as an intangible assets/intangible assets under development (i.e. "Concession intangibles") under the head fixed assets in the financial statements.

**a) N.A.M.Expressway Limited (NAMEL):**

NAMEL has entered into a service concession arrangement with Andhra Pradesh Road Development Corporation (APRDC) for a period of twenty four (24) years from commencement date i.e. 18 January 2011 including construction period of two years and six months. The SCA does not provide for any renewal of this arrangement. NAMEL will also be entitled to a "Grant" by way of cash support from APRDC.

**b) Agra Etawah Tollways Limited (AETL):**

AETL has entered into a service concession arrangement with National Highways Authority of India (NHAI) for a period of thirty (30) years from commencement date including construction period of two years and six months. The project was not yet commenced on 31 March 2012. SCA entered by the entity on 19 January 2012. The SCA does not provide for any renewal of this arrangement.

**c) Hospet Chitradurga Tollways Limited (HCTL):**

HCTL has entered into a service concession arrangement with National Highways Authority of India (NHAI) for a period of twenty five (25) years from commencement date including construction period of two years and six months. The project was not yet commenced on 31 March 2012. SCA entered by the entity on 19 January 2012. The SCA does not provide for any renewal of this arrangement.

**III.** The following is the annuity cum toll based service concession arrangement. In consideration for performing its obligations under the SCA, the Concessionaire will be entitled to an annuity of predefined sums receivable on dates specified in the annuity payment schedule of the SCA and to collect toll/user charges from the users of Road. Having regard to the terms of the arrangement, the right to receive annuity has been classified as a financial asset (i.e. "Receivables under the service concession arrangement") in the financial statements and the right to receive toll has been classified as an intangible asset/intangible assets under development (i.e. "Concession intangibles") under the head fixed assets in the financial statements.

**Sehore Kosmi Tollways Limited (SKTL):**

During the year, SKTL has entered into a service concession arrangement with Madhya Pradesh Road Development Corporation Limited (MPRDC) for a period of fifteen (15) years from commencement date i.e. 22 February 2012 including construction period of two years. The SCA does not provide for any renewal of this arrangement.

**IV. Disclosures**

The fair value of consideration for construction services and the effective interest rate in the case of financial assets of the Group covered under service concession arrangements included as a part of "Receivables under Service Concession Arrangements" have been estimated by the Management having regard to the contractual provisions, the evaluations of the future operating and maintenance costs and the overlay/renewal costs and the timing thereof as budgeted by the Management, the key elements having been tabulated below :

(₹ in Crores)

Particulars	For the year ended/As at 31 March 2012	For the year ended/As at 31 March 2011
Margin on the construction services recognised in respect of financial assets	19.28	12.16
Carrying amounts of financial assets included under Receivables against service concession arrangements	1,097.99	881.08
Revenue recognised on financial asset including interest income on the basis of effective interest method	291.68	211.52

**Notes to the consolidated financial statements**

**2. Notes to accounts (Contd.)**

**Service Concession Arrangements (Contd.)**

(₹ in Crores)

The fair value of right to receive the revenue from the projects covered under service concession arrangements included as a part of "Concession intangibles" have been estimated by the Management having regard to the contractual provisions, the evaluations of the future toll collections from users of the road, operating and maintenance costs and the resurfacing of the road and the timing thereof as budgeted by the Management, the key elements having been tabulated below:

Particulars	For the year ended/As at 31 March 2012	For the year ended/As at 31 March 2011
Margin on the construction services recognised in respect of intangible assets for the year	35.71	-
Carrying amounts of Concession intangibles	411.24	136.85
Revenue recognised on intangible asset	258.03	136.85

**2.31 Leases:**

The Group is obligated under non-cancellable and cancellable operating lease agreements. Total rental expense under non-cancellable operating leases was ₹ 0.57 crores (previous year: ₹ 0.61 crores) and under cancellable leases was ₹ 11.65 (previous year: ₹ 5.57) and these lease rentals have been disclosed as 'Rent' in the statement of profit and loss.

Future minimum lease payments under non-cancellable operating leases are as follows:

Period	As at 31 March 2012	As at 31 March 2011
Not later than 1 year	0.47	0.57
Later than 1 year and not later than 5 years	-	0.47
<b>Total</b>	<b>0.47</b>	<b>1.04</b>

**2.32 Earnings per share (EPS)**

The computation of earnings per share is set out below:

Particulars	For the year ended/As at 31 March 2012	For the year ended/As at 31 March 2011
Net profit for the year attributable to equity shareholders (₹ in crores)	244.07	206.13
<b>Shares</b>		
Number of equity shares at the beginning of the year	57,197,791	49,420,014
Add: Equity shares issued during the year in initial public offer	-	7,777,777
Total number of equity shares outstanding at the end of the year	57,197,791	57,197,791
Weighted average number of equity shares outstanding during the year - Basic and diluted	57,197,791	53,213,012
Earnings per equity share - par value of ₹ 10 per share		
Basic and diluted	42.67	38.74

**2.33 Nature and terms of repayment for secured and unsecured borrowings are as follows:**

**(i) Borrowing by the holding company, Ramky Infrastructure Limited, are secured by way of:**

- Term loan from bank amounting to ₹ 75.00 crores (previous year Nil) are secured by way of residual charge over moveable fixed and current assets (both present and future) ranking subsequent to prior charge created in favour of other lenders and first and exclusive ranking charge over all the receivables both present and future arising out of debt infused in the infrastructure project companies and by way of first and exclusive ranking charge over Debt Service Reserve Account (DSRA). This loan is repayable in 24 monthly instalments starting at the end of 15 months from the first draw down date (i.e. 8 February 2012) along with interest of 12.75% p.a. payable on monthly basis.
- Term loan from bank amounting to ₹ 45.00 crores (previous year ₹ 55.00 crores) are secured by pari-passu charge on the entire project specific current assets. These loans are repayable on 25 May 2012 (previous year: 15 December 2011) along with interest of 11.75% p.a. payable on monthly basis.
- Term loan from bank amounting to Nil (previous year ₹ 5 crores) are secured by way of post-dated cheques given by the Company. Loan was repaid on 2 February 2012 along with interest of 11.50% p.a. payable on monthly basis.

## Notes to the consolidated financial statements

### 2. Notes to accounts (Contd.)

- d. Equipment and vehicle loans from banks amounting to ₹ 36.75 crores (previous year: ₹ 47.82 crores) and from others amounting to ₹ 95.35 crores (previous year: ₹ 86.28 crores) are secured by way of hypothecation of the respective equipment/vehicles. These loans are repayable in monthly payment of equated monthly instalments beginning along the month subsequent to the loan along with interest in the range of 7.05% p.a. to 14.20% p.a. and 6.55% p.a. to 12.15% p.a. against loans taken from banks and others respectively.
- e. Cash credits from banks from banks amounting to ₹ 242.22 crores (previous year: ₹ 267.26 crores) and working capital loans from banks amounting to ₹ 409.25 crores (previous year ₹ 179.00 crores) are secured by way of:
- first pari-passu charge on the current assets of the Company namely raw materials, contract work-in-progress, bills receivable and book debts and all other movables both present and future of the Company along with other working capital lenders.
  - first charge on the entire unencumbered fixed assets of the company ranking pari-passu basis to all the working capital lenders and
  - loans during the previous year were also secured by way of personal guarantees of Chairman of the Company and Managing Director of the Company.

Cash credits are repayable on demand along with interest in the range of 12.50% p.a. to 14.45% p.a. (previous year: 13.25% p.a. to 14.45% p.a.) payable on monthly basis. Working capital loans are repayable within 90 to 180 days from the date of drawdown along with the interest in the range of 11.75% p.a. to 12.50% p.a. (previous year: 10.65% p.a. to 13% p.a.) payable on monthly basis.

- f. Working capital loan from bank amounting to ₹ 25.00 crores (previous year: Nil) are secured by way of post dated cheques submitted by the Company. Loan is repayable on 2 June 2012 along with the interest of 12.50% p.a.
- g. Buyers credit from banks amounting to ₹ 24.63 crores (previous year: Nil) are secured by way of first pari-passu charge on the current assets of the Company namely raw materials, contract work-in-progress, bills receivable and book debts and all other movables both present and future of the Company and exclusive charge on the capital equipment imported with loan proceeds. Buyers credits are obtained on short term basis and repayable within 360 days from the date of drawdown along with the interest in the range of 1.94% p.a. to 3.30% p.a.

#### (ii) Borrowings by subsidiaries and jointly controlled entities are secured by way of:

Term loans amounting to ₹ 9.71 crores (previous year ₹ 162.96 crores) and ₹ 209.17 crores (previous year ₹ 58.68 crores) obtained by Gwalior Bypass Project Limited from banks and financial institution respectively are secured by way of first pari-passu charge against the grant, assign, convey, assure, charge and transfer onto the senior lenders by way of continuing security of all and singular the beneficial right, title and interest of all the piece and parcel of land. These loans are repayable in 12 unequal six monthly instalments starts from 1 May 2013 to 1 November 2024 along with interest rate ranging from 12.25% p.a. to 12.75% p.a.

Term loan amounting to ₹ 3.99 crores (previous year ₹ 5.12 crores) obtained by MDDA-Ramky IS Bus Terminal Limited from financial institution is secured by way of (a) first charge by way of hypothecation on all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future; (b) first charge in favour of the lender all the book debts, operating cash flows, commissions, revenues and receivables, bank accounts of the subsidiary, both present and future; and (c) a first charge on all intangibles including but not limited to goodwill, uncalled capital, present and future. Loan is repayable in 102 unequal monthly instalments started from February 2006 to January 2015 along with interest rate of 11% p.a.

Term loan amounting to Nil (previous year ₹ 5.32 crores) and ₹ 74.55 crores (previous year Nil) obtained by Ramky Pharma City (India) Limited from bank and financial institution respectively are secured by way of (a) first charge on the freehold and lease hold rights of the Commercial Hub (47.1 acres), SEZ land (119 acres), non processing zone (4.8 acres) and CEPT land (126.1 acres) and the entire immovable properties of the subsidiary, both present and future; (b) a first charge on entire cash flows, receivables, book debts and revenues of the subsidiary of whatsoever nature and where ever arising, both present and future; (c) a first charge on entire intangible assets of the subsidiary, both present and future; (d) first charge by way of hypothecation/mortgage/assignment, as the case may be of all the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary in the project documents (including but not limited to land title deeds, concession agreements with APIIC, O&M Contract with Ramky Enviro Engineers Limited, insurance contracts, and such other documents as included by IDFC), all as amended, varied or supplemented from time to time; and (e) a first charge on the Trust and Retention Account, Debt Service Reserve Accounts of the subsidiary wherever maintained. Loans are repayable in 6 equal quarterly instalments starts from May 2013 along with interest rate of 12.77% p.a.

## Notes to the consolidated financial statements

### 2. Notes to accounts (Contd.)

Cash credit amounting to ₹ 10.55 crores (previous year ₹ 1.54 crores) obtained by Ramky Pharma City (India) Limited from bank is secured by way of (a) exclusive first charge on hypothecation of stock, stock-in-trade, receivables and other current assets, both present and future, of the subsidiary; and (b) second charge on the fixed assets of the subsidiary. Loan is repayable on demand along with the interest rate of 15% p.a.

Term loan amounting to ₹ 29.25 crores (previous year ₹ 13.00 crores) obtained by Ramky Enclave Limited from bank is secured by way of assignment of rights of the land and project documents, insurance policies of the subsidiary, charge on receivables and development rights of the developer and corporate guarantee from Ramky Infrastructure Limited. Loan is repayable in 7 equal quarterly instalments started from 24 July 2011 along with interest rate of 15% p.a.

Term Loans amounting to ₹ 123.34 crores (previous year ₹ 213.24 crores) and ₹ 134.26 crores (previous year ₹ 60.51) obtained by Ramky Elsamex Hyderabad Ring Road Limited from banks and financial institutions respectively are secured by way of (a) first charge on pari-passu basis on all the moveable, immovable, tangible and intangible assets of the borrower, all the revenues and receivables, charge on the escrow cum Trust and Retention Account; and (b) Corporate guarantee from holding company, Ramky Infrastructure Limited. The secured loans are repayable in 42 unequal quarterly instalments started from December 2010 to March 2012 along with interest rate ranging from 10.65% p.a. to 15.50% p.a.

Term loan amounting to ₹ 5.79 crores (previous year ₹ 30.79 crores) obtained by Ramky Towers Limited from bank is secured by way of equitable mortgage on 11.45 acres of land on pari-passu basis, assignment of rights of the land and project documents, insurance policies of the borrower, charge on receivables, hypothecation of current assets and corporate guarantee of holding company, Ramky Infrastructure Limited. The loan is repayable in 8 equal quarterly instalments started from 30 June 2010 along with interest rate of 15.25% p.a.

Term loans amounting to ₹ 65 crores (previous year Nil) obtained by Srinagar Banihal Expressway Limited from banks are secured by way of first ranking pari-passu basis by a mortgage/hypothecation/assignment/security interest/ charge/ pledge, without limitation (a) all the borrower's immovable and moveable properties both present and future except for project assets (as defined in Concession Agreement); (b) assignment of rights, interest and obligations of the Concessionaire to the extent covered by and in accordance with the Substitution Agreement; and (c) all the borrower's bank accounts in relation to the project, including but not limited to the escrow account(s) to the extent of waterfall of the priorities as provided in the escrow agreement. Senior term loan is repayable in maximum 22 structured semi-annual instalments starts from June 2015 along with interest ranging from 12.40% p.a. to 12.50% p.a. and subordinate term loan is repayable in 24 structured semi-annual instalments starts from June 2017 along with interest rate of 13.50% p.a.

Term loans amounting to ₹ 175.00 crores (previous year Nil) obtained by N.A.M. Expressway Limited from banks are secured by way of hypothecation of: (a) all movable, tangible and intangible assets, receivables, cash and investments created as part of the projects; (b) all the monies lying in escrow account into which all the investments in the project and all project revenues and insurance proceeds are to be deposited; (c) assignment of all rights, title, benefits, claims and demands of the borrowers under project agreements i.e. Concession agreement, Substitution agreement, Construction contract and operations contract, etc; (d) assignment of all rights under project guarantees obtained pursuant to development contract or operations contract, if any relating to the project; (e) first ranking assignment of all contract, documents insurance contracts/insurance Proceeds (Security Trustee to be named as loss payee), clearances and interests of the borrower; and (f) Debt Service Reserve Account and any other accounts required to be created by the borrower under any project agreement contract. Loans are repayable in 44 unequal quarterly basis instalments starts from March 2015 to December 2025 along with interest rate ranging from 12.65% p.a. to 13.25% p.a.

Term loans amounting ₹ 131.50 crores (previous year ₹ 40.00 crores) obtained by Jorabat Shillong Expressway Limited from banks are secured by way of (a) first charge on all the accounts of the borrower, including the escrow account, subject however to the condition that such charge on the accounts shall arise only after proceeds of such accounts if any have been received into the escrow account designated for the project and thereafter shall only be to the extent of the waterfall of priorities for payments/withdrawal of payments as provided in the escrow agreement and not beyond that; (b) assignment of all the rights, interest and obligations of the borrower to or in favour of senior lenders under project agreements, to the extent covered by and in accordance with the substitution agreement, all as amended, varied or supplemented from time to time; and (c) assignment of all rights of the borrower under any guarantees that may be provided by any counter-party under any contract/agreement/document relating to the project to the extent permissible under the concession agreement. Term loans to the extent of 85% of debt payable in 44 unequal quarterly instalments commencing from post principal moratorium period i.e. 6 month from the date of Commercial Operation Date (COD) which is tentatively January 2014. Balance 15% to be repayable in single bullet instalment at the end of 44th quarter along with interest rate ranging from 12.00% p.a. to 13.70% p.a.

## Notes to the consolidated financial statements

### 2. Notes to accounts (Contd.)

Cash credit amounting to ₹ 5.23 crores (previous year Nil) obtained by Ramky Engineering and Consulting Services (FZC) from bank is secured by way of lien on fixed deposits. Bank overdraft is repayable on demand along with the interest rate in the range of 8% p.a. payable on monthly basis.

#### (iii) Unsecured borrowings:

Unsecured loan amounting to ₹ 60.00 crores obtained by Srinagar Banihal Expressway Limited from bank are repayable on demand and interest rate applicable is 11.50 % p.a.

Unsecured loan amounting to ₹ 92.32 crores obtained by Gwalior Bypass Project Limited from corporate are repayable on demand and the loan is interest free.

Unsecured loan amounting to ₹ 16.50 crores obtained by N.A.M.Expressway Limited from corporate are repayable on demand and interest rate applicable is 12.75% p.a.

### 2.34 Related party disclosures

Related parties where control exists or with whom transactions have taken place during the year:

<b>Enterprises where joint control exists (Jointly controlled entities) (Co-venture)</b>	<ul style="list-style-type: none"> <li>● Jorabat Shillong Expressway Limited</li> <li>● N.A.M.Expressway Limited</li> </ul>
<b>Enterprises where significant influence exists (Associate)</b>	<ul style="list-style-type: none"> <li>● Ramky Integrated Township Limited</li> <li>● JNPC Pharma Innovation Limited</li> </ul>
<b>Enterprises where principal shareholders/ management personnel have control or significant influence (Significant interest entities) (SIE)</b>	<ul style="list-style-type: none"> <li>● Ramky Enviro Engineers Limited</li> <li>● Ramky Estates and Farms Limited</li> <li>● Mumbai Waste Management Limited</li> <li>● Hyderabad Integrated MSW Limited</li> <li>● Ramky Finance &amp; Investment Private Limited</li> <li>● SembRamky Environmental Management Private Limited</li> <li>● Ramky Global Solutions Private Limited</li> <li>● Tamil Nadu Waste Management Limited</li> <li>● West Bengal Waste Management Limited</li> <li>● Ramky Energy &amp; Environment Limited</li> <li>● Ramky Villas Limited</li> <li>● N R Environmental Engineers INC</li> <li>● Ramky Foundation</li> <li>● Delhi MSW Solutions Limited</li> <li>● Smilax Laboratories Limited</li> <li>● Visakha Solvents Limited</li> <li>● Ramky Advisory Services Limited</li> <li>● RVAC Facilities Management (India) Limited</li> <li>● Elsamex India Private Limited</li> <li>● Ramky Academy of Culture &amp; Education</li> <li>● Dakshayani Academy</li> <li>● East Coast Industries (India) Private Limited</li> <li>● Tridax Laboratories Limited</li> </ul>
<b>Key Management personnel (KMP)</b>	<ul style="list-style-type: none"> <li>● A Ayodhya Rami Reddy</li> <li>● Y R Nagaraja</li> </ul>

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

Related party disclosures (contd.)

Particulars of related party transactions

(₹ in Crores)

Sl. No.	Name of the transacting party	Relationship	Nature of transactions	31 March 2012		31 March 2011	
				Transactions during the year	Amount receivable/ (payable)	Transactions during the year	Amount receivable/ (payable)
1.	Ramky Enviro Engineers Limited	SIE	Contract revenue	76.80	65.50	-	-
			Operation and maintenance income	1.33	-	0.27	-
			Sub-contract expenses	8.67	(2.45)	84.76	(14.50)
			Operation and maintenance expenditure	31.70	(12.97)	-	-
			Mobilization advance paid / (recovered against bills)	(1.92)	1.45	1.30	3.37
			Advance received against work	0.23	(0.23)	4.45	(6.29)
			Retention money payable/(repaid)	(0.84)	(7.65)	5.48	(8.49)
			Retention money receivable	0.48	0.48	-	-
			Inter-corporate deposit given	7.00	-	10.00	-
			Inter-corporate deposit received back	7.00	-	10.00	-
			Interest received	0.03	-	0.04	-
2.	Ramky Estates and Farms Limited	SIE	Contract revenue	31.58	24.90	0.38	1.52
			Sub-contract expenses	2.51	(1.47)	19.96	-
			Rent paid	0.99	-	0.35	-
			Retention money receivable	1.86	2.92	-	1.06
			Rent deposit given (recovered)	(0.04)	0.35	0.26	0.39
			Mobilization advance paid / (recovered against bills)	(0.88)	27.71	28.59	28.59
			Capital advance paid/ (refund received)	(22.00)	-	22.00	22.00
			Inter-corporate deposit given	81.15	-	15.00	-
			Inter-corporate deposit received back	(40.92)	59.88	-	15.00
			Interest received	5.15	-	0.16	-
			Equity investment in subsidiary	0.01	(6.88)	0.01	(6.87)
			Share application money received	-	-	3.40	-
			Share application money repaid	-	-	5.81	-
			3	Mumbai Waste Management Limited	SIE	Contract revenue	2.93
4	Hyderabad Integrated MSW Limited	SIE	Contract revenue	3.55	1.28	-	-
			Retention money receivable	0.12	0.12	-	-
5	SembRamky Environmental Management Private Limited	SIE	Rent received	0.02	0.10	0.05	0.31
6	Ramky Global Solutions Private Limited	SIE	Advances given	-	-	0.02	0.14
7	Ramky Foundation	SIE	Donation	2.05	-	1.15	-
			Advance received	-	-	0.01	0.01
8	N R Environmental Engineers INC	SIE	Sub-contract expenses	-	-	0.74	(0.34)
9	Tamil Nadu Waste Management Limited	SIE	Advances received	-	-	-	(0.23)
10	Ramky Villas Limited	SIE	Contract revenue	-	-	-	2.05

(Contd.)

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

Related party disclosures (contd.)

Particulars of related party transactions (Contd.)

(₹ in Crores)

Sl. No.	Name of the transacting party	Relationship	Nature of transactions	31 March 2012		31 March 2011	
				Transactions during the year	Amount receivable/ (payable)	Transactions during the year	Amount receivable/ (payable)
11	Ramky Advisory Services Limited	SIE	Consultancy charges paid	5.48	-	7.06	0.94
			Advance paid	1.46	1.46	-	-
12	RVAC Facilities Management (India) Limited	SIE	Housekeeping charge paid	0.12	-	0.04	(0.04)
			Operation and maintenance charges	1.93	(0.27)	-	-
			Mobilization advance paid	0.10	0.10	-	-
13	Visakha Solvents Limited	SIE	Operations and maintenance income	0.51	0.47	0.08	0.08
14	Ramky Academy of Culture & Education	SIE	Employees training expenses paid	0.02	-	0.01	-
15	Dakshayani Academy	SIE	Advance given	0.25	1.15	0.90	0.90
16	Delhi MSW Solutions Limited	SIE	Contract revenue	5.01	1.29	7.89	3.66
			Mobilization advance received/ (recovered against bills)	(0.14)	-	0.25	(0.14)
			Retention money receivable	0.29	0.59	0.30	0.30
			Equity investment in subsidiary	-	0.01	-	0.01
17	Smilax Laboratories Limited	SIE	Contract revenue	16.82	49.23	3.63	5.78
			Development income	-	-	0.27	-
			Sale of traded goods	33.81	-	1.43	-
			Purchase of traded goods	-	-	4.08	-
			Retention money receivable	-	3.00	3.00	3.00
			Inter-corporate deposit given	3.00	-	1.75	-
			Inter-corporate deposit received back	(3.00)	2.24	-	1.93
			Interest received	0.35	-	0.20	-
			Equity investment in subsidiary	0.02	(0.02)	-	-
18	East Coast Industries (India) Private Limited	SIE	Operation and maintenance revenue	0.05	3.89	3.84	(3.84)
19	Tridax Laboratories Limited	SIE	Operation and maintenance revenue	0.18	10.03	9.85	9.85
20	Ramky Integrated Township Limited	Associate	Interest received	0.36	0.32	-	-
			Capital advance paid	22.00	22.00	-	-
			Investment in equity shares	-	0.02	-	0.02
			Share application money paid	-	10.00	-	10.00
21	JNPC Pharma Innovation Limited	Associate	Investment in equity shares	0.05	0.05	-	-
22	N.A.M.Expressway Limited	Co-venture	Contract revenue	38.82	13.33	102.43	96.98
			Mobilisation advance received/ (repaid against bills)	(1.92)	(30.58)	32.50	(32.50)
			Loan given	21.50	21.65	-	-
			Interest income	0.16	-	-	-
			Retention money receivable	5.34	5.34	-	-
23	A Ayodhya Rami Reddy	KMP	Remuneration	3.69	(3.00)	3.07	(1.54)
24	Y R Nagaraja	KMP	Remuneration	0.93	-	0.70	(0.04)



Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

2.35 Employee benefit plans

- a) Liability for retiring gratuity as on 31 March 2012 is ₹ 2.70 crores (previous year: ₹ 1.64 crores) of which ₹ 0.66 crores (previous year: ₹ 0.55 crores) is funded with the Life Insurance Corporation of India. The balance of ₹ 2.04 crores (previous year: ₹ 1.09 crores) is included in provision for gratuity.
- b) Liability for cost of compensated absence as on 31 March 2012 is ₹ 3.92 crores (previous year: ₹ 3.69 crores). Cost of compensated liability is a non funded liability.
- c) Contribution towards employee provident fund for the year ended 31 March 2012 is ₹ 5.99 crores (previous year: ₹ 4.02 crores).
- d) The liability for gratuity and cost of compensated absences has been actuarially determined and provided for in the books.
- e) **Employee benefit plan**

The following tables set out the status of the gratuity plan as required under AS 15

**Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Opening defined benefit obligation</b>	<b>1.64</b>	<b>0.62</b>
Current service cost	0.66	0.45
Interest cost	0.12	0.05
Actuarial loss	0.38	0.67
Past service cost	-	0.01
Benefits paid	(0.10)	(0.16)
<b>Closing defined benefit obligation</b>	<b>2.70</b>	<b>1.64</b>

**Change in the fair value of plan assets**

Particulars	As at 31 March 2012	As at 31 March 2011
<b>Fair value of plan assets at the beginning of the year</b>	<b>0.55</b>	<b>0.48</b>
Expected return on plan assets	0.05	0.05
Employer contributions	0.16	0.18
Benefits paid	(0.10)	(0.16)
<b>Fair value of plan assets at the end of the year</b>	<b>0.66</b>	<b>0.55</b>

**Amount recognised in Balance sheet**

Particulars	As at 31 March 2012	As at 31 March 2011
Present value of funded obligation	2.70	1.64
Fair value of plan assets	(0.66)	(0.55)
<b>Net liability</b>	<b>2.04</b>	<b>1.09</b>
<b>Amounts in the balance sheet:</b>		
Short-term provisions	0.20	0.17
Long-term provisions	1.84	0.92

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

Employee benefit plans (Contd.)

(₹ in Crores)

Expense recognised in statement of profit and loss

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Current service cost	0.66	0.45
Interest cost on benefit obligation	0.12	0.05
Expected return on plan assets	(0.05)	(0.05)
Past service cost	-	0.01
Net actuarial loss	0.38	0.67
<b>Net benefit expense</b>	<b>1.11</b>	<b>1.13</b>

Summary of actuarial assumptions

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Discount rate	7.80% - 8.60%	7.01% - 8.00%
Expected rate of return	8.15% - 9.50%	9.00% - 9.15%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Expected rate of return on plan assets:** This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**2.36** The Company had claimed deduction under Section 80-IA (4) of the Income Tax Act, 1961 in its returns of income relating to assessment years 2003-04 to 2011-12. However, the department contested the same on the grounds that the Company was not "developing" the infrastructure facility and disallowed the deduction for assessment years 2003-04 to 2009-10. The Company filed appeal against these orders with CIT (Appeals), of which the appeals with respect to assessment years 2003-04 to 2008-09 were dismissed. The Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) for these assessment years, which is currently pending.

The Company is contending its case before the appropriate appellate authorities, however the Company not withstanding the fact that its position in the matter is strong on merits has based on an internal assessment and various factors such as industry practice, legal counsel advice etc. decided to make a provision for the total deductions under the said Sections and for the assessment years 2003-04 to 2011-12 amounting to ₹ 66.56 crores. As this provision relates to taxes for earlier years the same has been directly debited to the surplus in statement of profit and loss account balance under "Reserves and Surplus" for the year ended 31 March 2012. Further no deduction has been claimed by the Company on account of the aforesaid section in the current year.

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

2.37 Segment information

The Group operates primarily in Construction and Developer divisions. Segmental information as per Accounting Standard (AS) 17 - "Segment Reporting" issued under Companies (Accounting Standards) Rules, 2006 for the year ended 31 March 2012 and year ended 31 March 2011 as under:

a) Information about business segments for the year ended 31 March 2012 as per AS-17

(₹ in Crores)

Particulars	Construction business	Developer business	Others	Eliminations	Total
<b>Revenue</b>					
External	3,167.19	648.11	32.38	-	3,847.68
Inter-segment	198.89	-	-	(198.89)	-
<b>Total</b>	<b>3,366.08</b>	<b>648.11</b>	<b>32.38</b>	<b>(198.89)</b>	<b>3,847.68</b>
<b>Result</b>					
Segment result	273.47	74.18	(0.21)	-	347.44
Profit before tax					347.44
Less: Tax expense					87.40
<b>Profit after tax</b>					<b>260.04</b>
Minority interest					15.89
Share of loss from associates					0.08
<b>Profit for the year</b>					<b>244.07</b>
<b>Other information</b>					
Segment assets	3,573.64	2,090.52	33.25		5,697.41
Unallocable assets					92.85
Segment liabilities	3,005.57	1,326.61	12.41		4,344.59
Unallocable liabilities					-
Capital expenditure	126.68	281.67	0.02		408.37
Depreciation (included in segment expense)	35.53	7.64	-		43.17
Non cash expenses (other than depreciation included in segment expense)	32.65	0.01	-		32.66

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

(₹ in Crores)

b) Information about business segments for the year ended 31 March 2011 as per AS-17

Particulars	Construction Business	Developer Business	Others	Eliminations	Total
<b>Revenue</b>					
External	2,625.10	520.43	1.37	-	3,146.90
Inter-segment	221.23	-	-	(221.23)	-
<b>Total</b>	<b>2,846.33</b>	<b>520.43</b>	<b>1.37</b>	<b>(221.23)</b>	<b>3,146.90</b>
<b>Result</b>					
Segment result	228.87	67.25	(0.05)	-	296.07
Profit before tax					296.07
Less: Tax expense					63.81
<b>Profit after tax</b>					<b>232.26</b>
Minority interest					26.08
Share of loss from associates					0.05
<b>Profit for year</b>					<b>206.13</b>
<b>Other information</b>					
Segment assets	2,622.18	1,790.26	5.70		4,418.14
Unallocable assets					89.67
Segment liabilities	2,250.39	1,017.31	3.86		3,271.56
Unallocable liabilities	-	-	-		-
Capital expenditure	260.16	143.09	0.01		403.26
Depreciation (included in segment expense)	19.78	3.36	-		23.14
Non cash expenses (other than depreciation included in segment expense)	4.24	0.02	-		4.26

c) Geographical segment reporting:

During the year under report and during the previous year, the Group has engaged in their business primarily within India. The scale of operations in other countries does not constitute a reportable segment as per the Accounting Standard 17 notified in Companies (Accounting Standard) Rules, 2006. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

2.38 Accounting for interest in jointly controlled entities:

The Company has a 50% interest in Jorabat Shillong Expressway Limited and N.A.M.Expressway Limited. These two companies are engaged in the development of road projects on Build, Operate and Transfer (BOT) basis. The contractual arrangement between shareholders of these companies indicates joint control over the operations of the company, have significant participating rights such that they jointly control the financial and operating policies in the ordinary course of business.

The Group has, in accordance with AS 27 "Financial Reporting of Interests in Joint Ventures" issued under the Companies (Accounting Standards) Rules 2006, accounted for its 50% interest in these jointly controlled entities (JCE) by the proportionate consolidation method. Thus the Group's balance sheet, statement of profit and loss and cash flow statement incorporate the Group's share of assets, liabilities, income, expenses and cash flows of these JCE on a line-by-line basis.

The aggregate amount of the assets, liabilities, income and expenses related to the Group's share in these JCE included in these consolidated financial statements as of and for the year ended 31 March 2012 and 31 March 2011 are given below:

Notes to the consolidated financial statements

2. Notes to accounts (Contd.)

Balance sheet

(₹ in Crores)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Liabilities and provisions:</b>		
Long-term borrowings	306.50	40.00
Deferred tax liability (net)	16.42	1.53
Short-term borrowings	38.00	-
Trade payables	145.21	191.04
Other current liabilities	2.26	4.38
Short-term provisions	-	0.32
	<b>508.39</b>	<b>237.27</b>
<b>Assets:</b>		
Fixed assets	409.08	136.85
Long-term loans and advances	0.08	-
Other non-current assets	190.42	86.81
Cash and bank balances	5.00	94.67
Short-term loans and advances	76.08	59.47
Other current assets	-	0.44
	<b>680.66</b>	<b>378.24</b>
<b>Net assets</b>	<b>172.27</b>	<b>140.97</b>
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>444.16</b>	<b>995.14</b>

Statement of profit and loss

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
<b>Income</b>		
Revenue from operations	347.31	223.66
Other operating income	12.03	-
Other income	0.63	1.49
	<b>359.97</b>	<b>225.15</b>
<b>Expenditure</b>		
Development costs	302.76	212.45
Finance costs	10.63	6.49
Other expenses	0.09	0.97
	<b>313.48</b>	<b>219.91</b>
<b>Profit before tax</b>	<b>46.49</b>	<b>5.24</b>
Tax expense	15.19	2.01
<b>Profit after Taxation</b>	<b>31.30</b>	<b>3.23</b>

**Notes to the consolidated financial statements**

**2. Notes to accounts (Contd.)**

**2.39 IPO proceeds utilization:**

During the previous year the company had issued 7,777,777 equity shares having a face value of ₹ 10 per share at a price of ₹ 450 per share (including a premium of ₹ 440 per share) through IPO. Out of the proceeds aggregating ₹ 350 crores, a sum of ₹ 7.78 crores was credited to the share capital and the balance amount of ₹ 342.22 crores is credited to the securities premium account. Share issue expenses aggregating ₹ 14.70 crores (excluding ₹ 7.56 crores incurred on behalf of shareholders whose holdings were divested at the time of the IPO and which were recovered from the shareholders) have been charged to the Securities premium account in accordance with the provisions of section 78(2) of the Companies Act, 1956.

The amount raised ₹ 350 crores has been utilised in the following manner:

(₹ in Crores)

Particulars	Note	For the year ended/As at	
		31 March 2011	31 March 2012
<b>Funds received through IPO/opening unutilised</b>	A	350.00	24.35
<b>Utilisation of funds</b>			
Investment in capital equipment		56.40	17.43
Working capital requirements		175.00	-
Repayment of term loans		25.00	-
General corporate purposes		54.84	0.20
IPO expenses		14.41	0.10
<b>Total funds utilised</b>	B	<b>325.65</b>	<b>17.73</b>
<b>Unutilised IPO money*</b>	C=(A-B)	<b>24.35</b>	<b>6.62</b>

\* Unutilised IPO funds as on 31 March 2012 and 31 March 2011 have been temporarily invested in short-term fixed deposits with a scheduled bank.

**2.40 Comparative figures**

On applicability of revised Schedule VI from current year, the Group has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the consolidated financial statements, particularly presentation of balance sheet.

As per our joint report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

for **Visweswara Rao & Associates**

Chartered Accountants

Firm's Registration No: 005774S

for **Ramky Infrastructure Limited**

**Zubin Shekary**

Partner

Membership No.: 048814

**S V R Visweswara Rao**

Partner

Membership No.: 029088

**A Ayodhya Rami Reddy**

Executive Chairman

**Y R Nagaraja**

Managing Director

Hyderabad  
29 May 2012

**R S Garg**

Chief Financial Officer

**V Phanibhushan**

Company Secretary



**Ramky Infrastructure Limited**  
**Registered Office:** 6-3-1089/G/10 & 11, 1st Floor,  
 Gulmohar Avenue, Rajbhavan Road,  
 Somajiguda, Hyderabad - 500082

Mr./Ms. ....  
 .....  
 .....  
 .....

**MEMBER**  **PROXY**   
 (Please tick as applicable)

**No. of Shares**

- Note: 1. Only Members of the Company or their proxies will be allowed to attend the Meeting ON PRODUCTION OF ATTENDANCE SLIP duly completed and signed.  
 2. Please fill this admission slip and hand it over at the entrance of the hall duly signed.  
 3. Members are requested to bring their copies of Annual Report with them.  
 4. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.

**ATTENDANCE SLIP**

**Day** Tuesday  
**Date** August 14, 2012  
**Time** 3.00 p.m.  
**Venue** K.L.N. Prasad Auditorium, 3rd Floor, Federation House, FAPCCI Marg, 11-6-841, Red Hills, Hyderabad - 500 004

**Reg. Folio No.**

**Demat Particulars**  
**DP ID No.**

**Client ID No.**

I hereby record my presence at the 18th ANNUAL GENERAL MEETING of the Company

.....  
*Signature of the Member or Proxy*



**Ramky Infrastructure Limited**  
**Registered Office:** 6-3-1089/G/10 & 11, 1st Floor,  
 Gulmohar Avenue, Rajbhavan Road,  
 Somajiguda, Hyderabad - 500082

**No. of Shares**

**FORM OF PROXY**

**Reg. Folio No.**

**Demat Particulars**  
**DP ID No.**

**Client ID No.**

I/We .....  
 (Name of Member)  
 of.....  
 (Address)  
 being Member(s) of RAMKY INFRASTRUCTURE LIMITED hereby appoint.....  
 (Name of proxy)  
 of..... or failing him/her  
 (Address of proxy)  
 .....  
 (Name of alternate proxy)  
 of.....  
 (Address of alternate proxy)

as my/our proxy to vote for me/us on my/our behalf at the 18th ANNUAL GENERAL MEETING of the Company to be held at 3.00 p.m. on Tuesday, August 14, 2012 and at any adjournment thereof.

Date..... Signature.....

Affix a  
 ₹ 1/-  
 Revenue  
 Stamp

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting. The Proxy need not be a member of the Company.



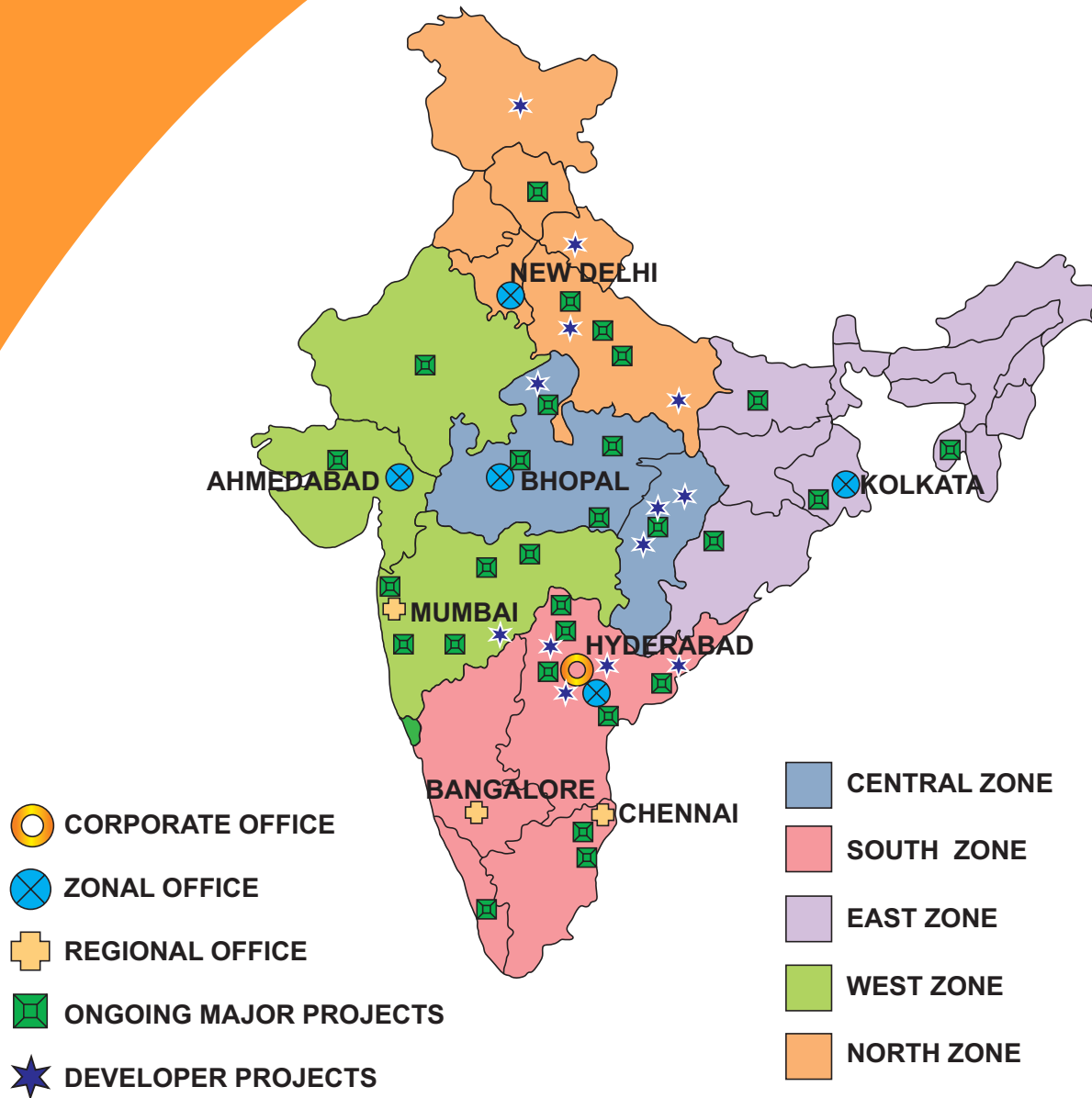
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# Operations Network





## Ramky Infrastructure Limited

6-3-1089/G/10 & 11, First Floor,  
Gulmohar Avenue, Rajbhavan Road,  
Somajiguda, Hyderabad - 500 082