

NOTICE FOR THE THIRTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **Thirty-eighth Annual General Meeting** of Ircon International Limited (Ircon) will be held in the Board Meeting Room of Registered Office of Ircon situated at 3rd Floor, C-4, District Centre, **Saket**, New Delhi-110017, on **Thursday the 25th September 2014 at 1700 hours** to transact the following business:-

Ordinary Business:

- (1) **To receive and adopt the Directors' Report and the Audited Balance Sheet** as on 31st March 2014 and the Statement of Profit & Loss for the year ended 31st March 2014 with the Auditors' Report thereon, and pass, with or without modification, the following resolution:-

RESOLVED THAT the Financial Statements for the year ended 31st March 2014 comprising Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss for the year ended 31st March 2014, and Cash Flow Statement for the year ended 31st March 2014, including the Consolidated Financial Statements of Ircon and its subsidiaries, along with Notes thereto, and the Auditors' Reports thereon, as well as the Directors' Report along with its Annexures including the CSR & Sustainable Development Report, Management Discussion and Analysis Report, and Corporate Governance Report, as circulated and as laid before the meeting, be and are hereby approved and adopted.”

- (2) **To declare dividend** for 2013-14, over and above the interim dividend already declared by the Board of Directors and paid in February 2014, and pass, with or without modification, the following resolution:-

“RESOLVED THAT dividend @ ₹ 41.00 per share of ₹ 10/- each (410% on the paid-up share capital of ₹ 19.796 crores), as recommended by the Board of Directors for the year ended 31st March, 2014, be and is hereby declared in favour of the shareholders whose names appear on the Register of Members as on the

date of the Annual General Meeting, which is over and above the interim dividend declared by the Board of Directors @ ₹ 51.00 per share of ₹ 10/- each (510% of the paid-up share capital) and paid to all the members in February 2014.”

- (3) **To consider** and if thought fit, to pass with or without modification, the following ordinary resolution in respect of **Remuneration of Auditors of the Company for 2014-15:-**

“RESOLVED THAT the Board of Directors of Ircon be and is hereby authorized to fix, based on a recommendation to be made by the Audit Committee, **the remuneration including out-of-pocket expenses of the Auditors of the Company** as may be appointed by the Comptroller & Auditor General of India, for audit of accounts of both domestic and foreign projects of the Company for the year 2014-15, as well as to fix the auditors’ expenses for their visits to foreign projects for the purpose of audit.”

Special Business:

- (4) **To approve amendment in Borrowing Powers of the Company**

To approve withdrawal of resolutions approved by the shareholders at its 22nd Annual General Meeting held on 17th September 1998, and, if thought fit, pass, with or without modification(s), the following as a Special Resolution under Section 180 of the Companies Act, 2013:

“RESOLVED THAT in supersession of the Ordinary Resolution approved at the 22nd Annual General Meeting held on 17th September, 1998 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys, for carrying on the business of the Company, within the aggregate of the paid up share capital and free reserves of the Company, prevailing at the end of the respective previous financial year.”

- (5) **To consider increase in remuneration of Auditors of the Company for the year 2013-14**

To approve the increase in remuneration of Auditors for the year 2013-14 based on the recommendations of the Audit Committee as accepted by the Board of

Directors subject to approval by the shareholders, and, if thought fit, to pass, with or without modification(s), the following as an ordinary resolution:

“RESOLVED THAT the remuneration for statutory auditors for audit of accounts of the Company for the year 2013-14 be increased from ₹8,50,000/- (Rupees eight lakhs fifty thousand only) to ₹15,00,000/- (Rupees fifteen lakhs only) (excluding service tax as applicable), plus such reasonable travelling and out of pocket expenses for conducting the audit that had been decided by the Board of Directors based on recommendation made by the Audit Committee”

(6) **To approve remuneration of Cost Auditor for 2014-15**

To approve the remuneration of Cost Auditors for the year 2014-15 as approved by the Board of Directors, based on the recommendations of the Audit Committee, and, if thought fit, to pass, with or without modification(s), the following as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 (3) read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and other applicable provision, if any (including any statutory modification(s) or re-enactment thereof, for the time being in force), a remuneration of ₹ 1,70,000/- (Rupees One Lakh Seventy Thousand only) plus service tax and out-of-pocket expenses of the Cost Auditor, appointed by the Board of Directors (based on the recommendations of the Audit Committee) for the audit of Cost Accounting Records relating to ‘Construction services’ of the Company, subject to the applicability of Companies (Cost Records and Audit) Rules, 2014 including any amendment / notification or circular if any issued by Ministry of Corporate Affairs.”

BY ORDER OF THE BOARD OF DIRECTORS

Place: New Delhi
Date: 12.09.2014

Sd/-
(Iti Matta)
Asstt. Manager (Co. Affairs) &
Company Secretary/Ircon

NOTE:- 1. **A member entitled to attend and vote in the above meeting is entitled to appoint a proxy in writing duly signed by him/her to attend and vote instead of himself/herself; but a proxy so appointed shall not have any right to speak at the meeting. Proxy need not be a shareholder/member.** Form of Proxy is enclosed [section 105 read with Rule 19 of the Companies (Management & Administration) Rules, 2014 and Articles 44 to 47].

2. Voting to be by show of hands in the first instance. Every member present in person or by proxy shall have only one vote on a show of hands. Only when a poll is demanded under section 109, every such member shall have one vote for every share held by him/her (sections 105 to 109 and Articles 38 & 39).
3. Five members (shareholders) of the Company personally present is the Quorum (section 103 and Article 34).
4. A brief in respect of ordinary business items 1, 2, and 3 are attached as **Annexure-1**.
5. Explanatory statement pursuant to section 102 of the Companies Act, 2013 in respect of special business item 4,5, and 6 is at **Annexure-2**.
6. Register of Members and Transfer Book shall remain closed on 24th September 2014 and 25th September 2014.

- To:**
1. **All shareholders of the Company**
 2. **Vinod Kumar & Associates, Chartered Accountants, and
T.R. Chadha & Co., Chartered Accountants
(Joint Statutory Auditors)**
 3. **All Directors of the Company**

A brief on Ordinary Business items:

Item No. 1 **To receive and adopt the Directors' Report and the Audited Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss for the year ended 31st March 2014 with the Auditors' Report thereon.**

The Financial Statements along with Notes thereto, and Directors' Report along with its Annexures including the CSR & Sustainable Development Report, Management Discussion and Analysis Report, and Corporate Governance Report were approved by the Board of Directors (BoD) at its adjourned meeting held on 1st August 2014 (held in continuation of meeting dated 31st July 2014). The Auditors gave their Report on the Financial Statements on 27th August 2014 which was noted by the BoD along with the management replies to the comments of the Auditors at its meeting held on 11th September 2014. The financial statements for the year are based on revised Schedule VI of the Companies Act, 1956.

Item No. 2 **To declare dividend for 2013-14.**

The Board of Directors at its 210th meeting held on 31st January 2014 declared interim dividend for the year 2013-14 pursuant to its discretionary power under Article 67A of the Articles of Association @ ₹ 51 per share of ₹ 10/- each (510% of the paid-up share capital of ₹19.796 crores) amounting to ₹ 100.96 crores approx. which has been paid to the shareholders of the Company in February 2014.

The Board of Directors has recommended a dividend @ ₹ 41 per share of ₹ 10/- each (410% of the paid-up share capital of ₹ 19.796 crores) for the year 2013-14 for consideration by the members. The Company has recorded a profit before tax of ₹ 1249.06 crores and a profit after tax of ₹ 906.50 crores during 2013-14.

The dividend to be declared at the Annual General Meeting would amount to ₹ 81.16 crores approx. taking the total dividend to ₹ 182.12 crores approx. for 2013-14 which works out to 20.09% approx. of post-tax profit. This is also in accordance with the communication dated 20th June 2003 of Ministry of Finance that profit making PSUs should declare a minimum dividend of 20% on equity or a pay-out of at least 20% of post-tax profits, whichever is higher.

As per Article 67 of the Articles of Association, "the Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the

profits but no dividend shall exceed the amount recommended by the Board of Directors”.

Item No. 3 To consider Remuneration of Auditors of the Company for 2014-15.

According to Section 177 of the Companies Act, 2013 and Chapter 4 of Corporate Governance Guidelines, 2010, issued by DPE, one of the functions of Audit Committee is recommending to the Board of Directors fixation of audit fee, and also approval for payment to statutory auditors for any other services that may be required of them. According to section 139 (5) of the Companies Act, 2013, the auditors of a government company shall be appointed by the Comptroller & Auditor General of India (C&AG). According to section 142 (1) of the Companies Act, 2013, remuneration of the auditors of a company, which includes the expenses, any sums to be paid from the Company in respect of auditors' expenses shall be fixed by the Company in general meeting or in such manner as the Company in general meeting may determine.

Therefore, on a harmonious application of the aforesaid legal provisions, every year the General Meeting has been authorizing the Board of Directors to fix, based on a recommendation to be made by the Audit Committee, the remuneration including out of pocket expenses of the auditors as well as the auditors' expenses for their visits to foreign projects for the purpose of audit. Accordingly a resolution is being proposed for authorizing the Board of Directors for fixing remuneration and permissible expenses of auditors for 2014-15.

The total audit fee including out of pocket expenses, expenditure on foreign visit(s), as well as fee for audit of accounts of foreign projects during the last two years, after recommendation of Audit Committee and approval of Board of Directors, based on the criteria advised by the Audit Committee for fixing the fee of auditors, namely, turnover (volume of work load), statutory compliance requirements, geographical distribution of projects/number of projects, and inflation and market scenario, and as disclosed in the audited Financial Statement is as under:-

2012-13	-	₹ 0.77 crores
2013-14	-	₹ 0.63 crores (subject to approval by shareholders vide item no. 5)

None of the Directors and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financial or otherwise, in any of the resolutions of ordinary business items.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

SPECIAL BUSINESS ITEMS

Item No. 4 To approve amendment in Borrowing Powers of the Company

The members of the Company at their 22nd Annual General Meeting (AGM) held on 17th September 1998, approved an overall borrowing limits up to ₹ 800 crores (Rupees eight hundred crores) for the Company by way of an ordinary resolution under Section 293 of the Companies Act, 1956

Section 180 of the Companies Act, 2013 (enforced w.e.f. 12th September, 2013) [which is corresponding to section 293 of the Companies Act, 1956], provides that a company can borrow money exceeding the aggregate of paid-up share capital and free reserves with the approval of shareholders of the Company by way of special resolution (3/4th majority). However, Ministry of Corporate Affairs (MCA) had issued a clarification (vide its General Circular No. 04/14 dated 25th March 2014), that the resolution passed under Section 293 of the Companies Act, 1956, prior to 12th September 2013, with reference to borrowings will be regarded as sufficient compliance of the requirements of section 180 of the Companies Act, 2013 for a period of one year from the date of notification of section 180 of the Companies Act, 2013. Therefore the existing resolution passed by the members is valid up to 11th September 2014.

As on 31st March 2014, the aggregate of paid-up share capital (₹ 19.80 crores) and free reserves (₹ 2973.23 crores), stood at ₹ 2993.03 crores (approx.). The indebtedness of the Company as on date is NIL. Therefore, in accordance with section 179 and 180 of the Companies Act, 2013, the BoD at a Board meeting can exercise borrowing powers up to ₹ 2993.03 crores (approx.). However, as per the resolution passed at the 22nd AGM, within the overall limit fixed by shareholders the Board of Directors can borrow only up to ₹ 800 crores.

Therefore, to remove this inconsistency, the Board of Directors at its 212th meeting held on 31st July 2014, had approved the proposal for withdrawing the ordinary resolution passed at the 22nd AGM held on 17th September 2014, and to authorize the BoD to borrow moneys within permissible limits under the Companies Act, 2013, i.e. aggregate of paid-up share capital and free reserves prevailing at the end of the respective previous

financial year, for carrying on the business of the Company, by way of passing Special Resolution under Section 180(1)(c) of the Companies Act, 2013.

Item No. 5 To consider increase in remuneration of Auditors of the Company for the year 2013-14

The shareholders at its Annual General Meeting (AGM) held on 3rd September 2013, had authorized the Board of Directors (BoD) to fix, based on recommendations of the Audit Committee, the remuneration including out of pocket expenses of the Auditors as well as the auditors expenses for their visit to foreign projects for the purpose of Audit for the year 2013-14.

Accordingly, based on the recommendations of the Audit Committee, the Board of Directors at its 209th Meeting held on 31st October 2013 had approved the following remuneration for the Statutory Auditors (Vinod Kumar & Associates - appointed by C&AG) for the year 2013-14:

Audit of Accounts of the Company	₹ 8,50,000/-
Tax Audit	₹ 2,55,000/- (@ 30% of Audit fees)
TOTAL	₹ 11,05,000/-

Apart from the above, the BoD had also approved obtaining other services from the statutory auditors i.e. limited review for quarterly unaudited financial results (₹ 6,00,000/- p.a.) and Certification of Cash Flow Statement (₹ 30,000/-).

The Audit Committee, at its meeting held on 31st July 2014, considering the amount of time spent and nature of expertise offered by the Statutory Auditors had recommended the following increase in fees for statutory Auditors for the year 2013-14:

Audit of Accounts of the Company	₹ 15,00,000/-	Increase by ₹6,50,000/- (76.47%)
Tax Audit	₹ 4,50,000/- (@ 30% of Audit fees)	Consequently Increased by ₹1,95,000/-
TOTAL	₹ 19,50,000/-	The net financial impact is increase in fees by ₹ 8,45,000/-.

The BoD, at its adjourned 212th meeting held on 1st August 2014, noted that the fees for 2013-14 was already revised vis-a-vis audit fees for 2012-13, and had accepted the aforesaid recommendation of Audit Committee subject to shareholders' approval, considering that the proposal was put up after the close of the year and that it would be a

substantial increase i.e. more than 75% of the Audit fees (for 2013-14) initially approved by BoD.

Item No. 6 To approve remuneration of Cost Auditor for 2014-15

Since financial year 2011-12, the Company has been appointing Cost Accountants for maintaining cost records of the Company, in terms of the Companies (Cost Accounting Records) Rules, 2011 and general circular dated 25th May 2011 issued by the Ministry of Corporate Affairs (MCA) Ircon,

Section 148(2) of the Companies Act, 2013 (effective from 1st April 2013) provides that if the Central Government is of the opinion that it is necessary to do so, it may, by order, direct that the audit of cost records of the class of companies, which are covered under sub-section (1) and which have a net worth or turnover of such amount as may be prescribed, shall be conducted in the matter specified in the order.

The Company is covered under the Companies (Cost Records and Audit) Rules, 2014 (effective from 1st July 2014), and maintenance of cost records for the 'construction' services and its audit by the Cost Auditor appointed by the Board of Directors (BoD) is mandatory for the financial year 2014-15 onwards.

Accordingly, based on the recommendation of the Audit Committee, the BoD at its 213th meeting held on 11th September 2014 have appointed Chandra Wadhwa & Co., Cost Accountants as Cost Auditors of the Company for conducting the audit of cost records maintained by the Company relating to its 'Construction services' for the financial year 2014-15, at a remuneration of ₹ 1,70,000/- plus service tax and out-of-pocket expenses for conducting the audit, subject to applicability of Companies (Cost Records and Audit) Rules, 2014.

Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014, prescribes that the remuneration payable to the Cost Auditors has to be approved by the Board of Directors, based on the recommendation of the Audit Committee, and further it is to be ratified by the Shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financial or otherwise, in any of the resolutions of special business items.

IRCON INTERNATIONAL LIMITED (Ircan)

CIN:U45203DL1976GOI008171

Regd. Office: C-4 District Center, Saket, New Delhi - 110017

**Form No. MGT-11
PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member:
Registered address:
E-mail Id:
Folio No:

I, being the member holding _____ shares of Ircan International Limited, hereby appoint:

1. Name : _____ E-mail Id : _____
Address : _____ Signature : _____

or failing him / her

2. Name : _____ E-mail Id : _____
Address : _____ Signature : _____

or failing him / her

3. Name : _____ E-mail Id : _____
Address : _____ Signature : _____

as my proxy to attend and vote (on a poll) for me and on my behalf at the 38th Annual General Meeting of the company, to be held on Thursday the 25th September 2014, at 1700 hours at Registered Office of Ircan or at any adjournment thereof in respect of such resolutions as are indicated below :

Resolutions:

1. To receive and adopt the Directors' Report and the Audited Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss for the year ended 31st March 2014 with the Auditors' Report thereon.
2. To declare dividend for the year 2013-14.
3. To consider Remuneration of Auditors of the Company for 2014-15.
4. To approve amendment in Borrowing Powers of the Company.
5. To consider increase in remuneration of Auditors of the Company for the year 2013-14.
6. To approve remuneration of Cost Auditor for 2014-15.

Signed this..... day of September 2014

**Affix
Revenue
Stamp**

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting, i.e. latest before 5.00 p.m. on 23rd September 2014.