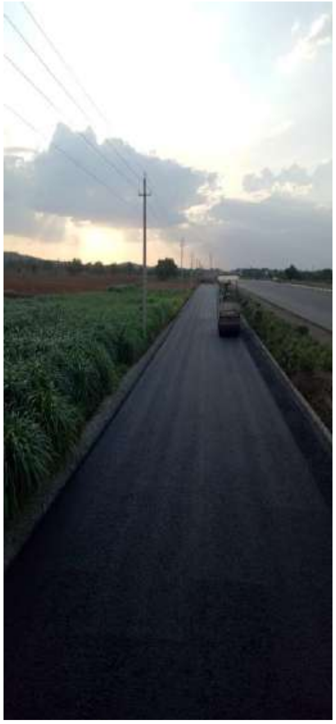





2019-20 ANNUAL REPORT

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

(A Wholly Owned Subsidiary of Ircon International Limited)

CIN: U45500DL2017GOI317401

CONTENTS

About Ircon DHHL

Ircon Davanagere Haveri Highway Limited (IrconDHHL), a wholly owned subsidiary of Ircon International Limited was incorporated on 11th May, 2017 as a Special Purpose Vehicle (SPV) for executing the project works of “Six – laning of Davanagere – Haveri from km 260+000 to km 338+923 of NH-48 (old NH-4) in the State of Karnataka to be executed as Hybrid Annuity Project on DBOT under NHDP Phase – V” in accordance with the terms of the Concession Agreement, signed with the National Highways Authority of India (NHAI) on 19th June 2017”.

BOARD OF DIRECTORS

PART-TIME (NOMINEE) DIRECTORS
[As on 31.03.2020]

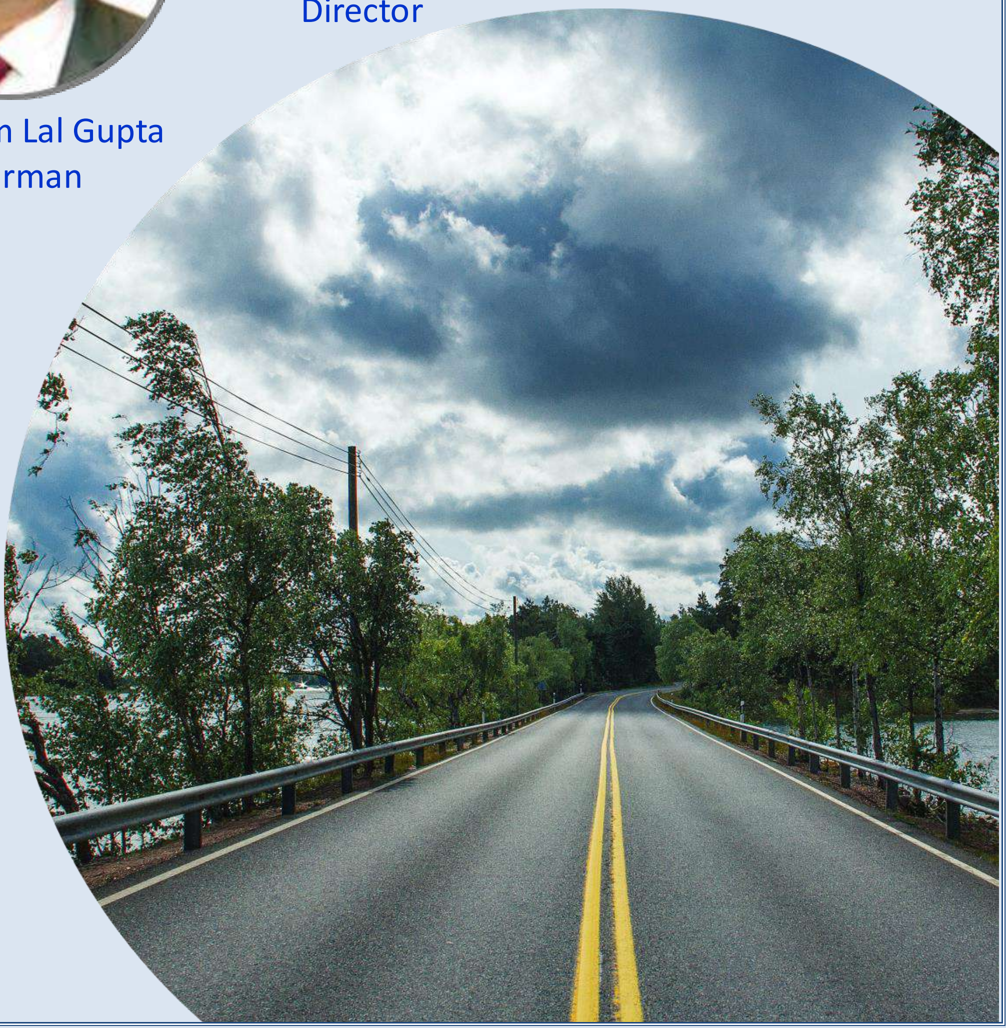
Mr. Rajendra Singh
Yadav
Director

Mr. Surajit Dutta
Director

Mr. Shyam Lal Gupta
Chairman

Mr. Ashok Kumar Goyal
Director

Mr. Basant Kumar
Director



Reference Information

- **Chief Executive Officer (CEO)**

Mr. Nagangouda Hanumanthgouda Patil

- **Chief Financial Officer (CFO)**

Ms. Kratika Gupta
w.e.f 20.11.2018 upto 31.03.2020

Ms. Rachna Tomar
w.e.f. 31.03.2020

- **Company Secretary (CS)**

Ms. Pooja Rastogi

- **Statutory Auditor**

Singhal Sunil & Associates

- **Secretarial Auditor**

Sorabh Jain & Associates

- **Cost Auditor**

Ravi Sahni & Co.

- **Internal Auditor**

V & M Arora & Co.

- **EPC Contractor to Company**

Ircon International Limited

- **Banker to Company**

Indian Overseas Bank

- **Registered Office**

C-4, District Centre, Saket
New Delhi-110017

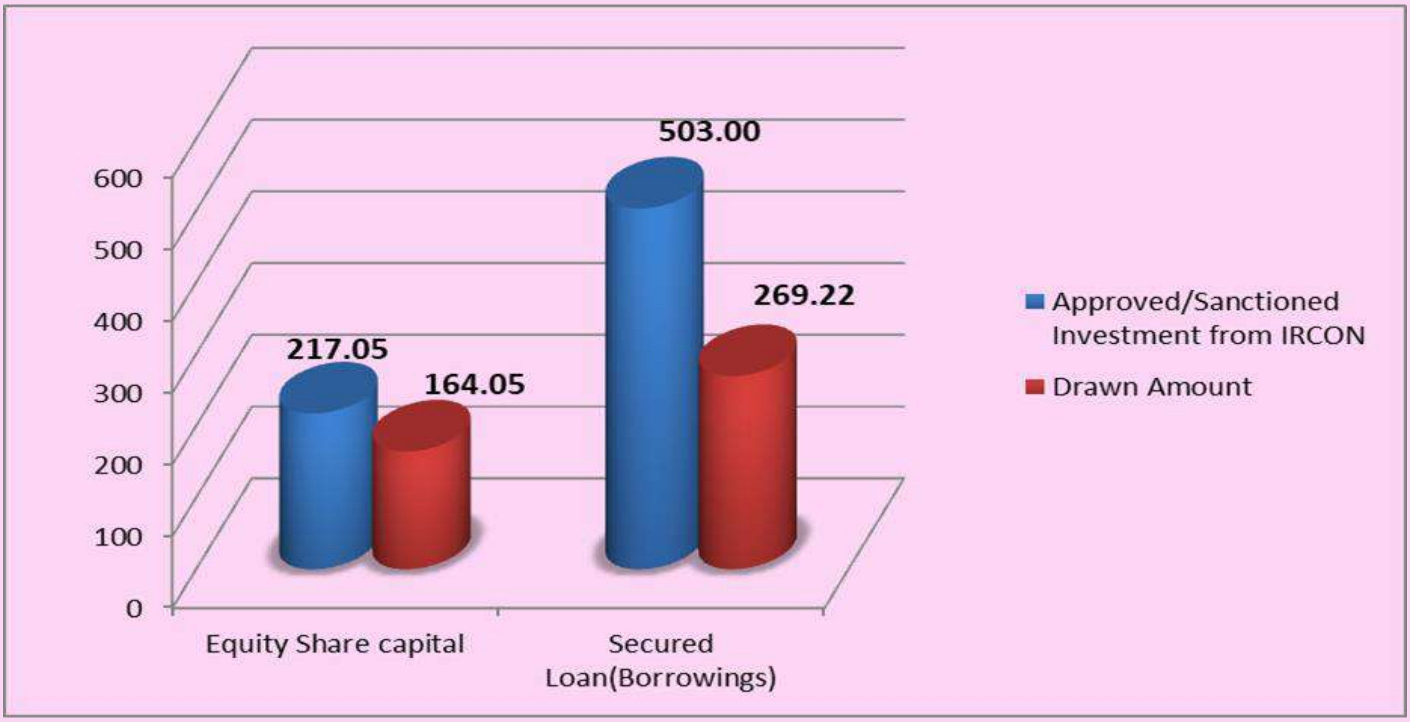
- **Contact Details**

Company Secretary
Email id: ircondhhl@gmail.com
Tel: 011-26545786

STATEMENT OF EQUITY & LOAN CAPITAL

[As on 31.03.2020]

Particulars	Approved/Sanctioned Investment from Holding Company, Ircon International Limited	Drawn Amount (As on 31.03.2020)
1. Equity Share Capital	Rs. 217.05 Crores	Rs. 164.05 Crores
2.Secured Loan (Borrowings)	Rs. 503.00 Crores	Rs. 269.22 Crores



CHAIRMAN'S ADDRESS

AT THE THIRD (3rd) ANNUAL GENERAL MEETING HELD ON 25.09.2020

Shyam Lal Gupta
Chairman

Dear Shareholders,

At the outset, please accept my sincere wishes for the good health and safety of you and your loved ones. I am delighted to welcome you all at the Third (3rd) Annual General Meeting, although this time we are meeting virtually. I would like to thank each one of you for joining this meeting through Video Conferencing.

I would like to place before you, few highlights of IrconDHHL.

Ircon Davanagere Haveri Highway Limited (IrconDHHL), incorporated as a Special Purpose Vehicle ('SPV') by Ircon International Limited ('IRCON') – its holding company, on 11th May 2017, for executing the project works of "Six – laning of Davanagere – Haveri from km 260+000 to km 338+923 of NH-48 (old NH-4) in the State of Karnataka on design, build, operate and transfer ("the DBOT Annuity" or "Hybrid Annuity") basis under NHDP Phase – V" in accordance with the terms of the Concession Agreement, signed with the National Highways Authority of India (NHAI) on 19th June 2017. Concession Period for the project is 15 years excluding the Project Construction Period of 912 days.

The Total Project Execution Cost is Rs.1177.00 Crores plus escalation wherein 40% project cost is reimbursable by NHAI and 60% is to be funded by SPV. Your Company is accordingly funding Project Construction Cost of Rs. 720.05 Crores - through Equity and Loan Investment of Rs. 217.05 Crores and Rs. 503.00 Crores respectively. For financial year ended 31st March 2020, Rs. 164.05 Crores of Equity Share Capital have been infused by IRCON through initial investment and subsequent rights issue and loan amount of Rs.269.22 Crores has been drawn from IRCON. The scheduled date of completion was 24.07.2020 which due to the unprecedented COVID19 pandemic has been extended up to 24.10.2020 ie. 3 Months.

As on March 31, 2020, your company has achieved a total physical progress of 66.77% and financial progress of 65.37% against total scope covered in the Concession Agreement.

During the Year, your Company had achieved revenue from Operating Turnover of Rs.39,283.50 Lacs and profit/(Loss) after tax for the Financial Year 2019-20 of Rs.77.44 Lacs.

Compliances and Disclosures

Compliances and Disclosures under the Companies Act, 2013 and its associated rules there under are fully being adhered to. Further, the Company is complying with the Guidelines on Corporate Governance, issued by the Department of Public Enterprises (DPE).

Memorandum of Understanding (MoU)

Your Company has been exempted by the Department of Public Enterprises (DPE) from signing of Memorandum of Understanding for the financial year 2019-20 with the holding company, Ircon International Limited.

Acknowledgements

I,on behalf of Board of Directors,express my heartfelt thanks for the valuable assistance and co-operation extended to the Company by National Highways Authority of India, Ircon International Limited and the Auditors of the Company. I acknowledge the efforts of the Company's employees, who are our most valuable asset.Their dedication, intellect, hard work, and deep sense of values has been the key to take our company forward.

We look forward to your continued support in our journey ahead.

For and on behalf of
Ircon Davanagere Haveri Highway Limited

Sd/-
(Shyam Lal Gupta)
Chairman
DIN:07598920

Date: 25.09.2020
Place: New Delhi

DIRECTORS' REPORT

Dear Members,

Your Directors have immense pleasure in presenting the **3rd Annual Report** together with the Audited Financial Statements and Business Affairs of the Company for the Financial Year 2019-20.

Business Operational Highlights: Present State of Company's Affairs:

IrconDHHL, a wholly owned subsidiary of IRCON was incorporated on May 11, 2017 as a Special Purpose Vehicle (SPV) for executing the project works of "Six-laning of Davanagere-Haveri from km 260+000 to km 338+923 of NH-48 (old NH-4) in the State of Karnataka to be executed as Hybrid Annuity Mode on Design, Build, Finance, Operate and Transfer (DBFOT) basis under NHDP Phase – V" in accordance with the terms of the Concession Agreement, signed with the National Highways Authority of India (NHAI) on June 19, 2017. The concession period of the project is 15 years excluding construction period of 912 days (30 months) commencing from the appointed date i.e. January 24, 2018 and the works are progressing on the available fronts. The Scheduled date of completion is 24.07.2020 which has been extended up to 24.10.2020 (by 3 months for the effect of COVID-19). The scope of work comprises of six-laning of 78.923 Km (total length of Highway) of existing four lane main carriage way with construction of 154.654 Km of service road length including major bridges culverts, Vehicular underpasses, pedestrian underpasses, flyovers and other allied works.

In terms of concession agreement, the total project bid cost is ₹1177 Crores plus escalation and First Year O&M cost is ₹10 Crore. 40% of the project bid cost shall be reimbursed by NHAI during construction period in 5 instalments of 8% each (on achieving Physical Progress of 10%, 30%, 50%, 75% & 90%) and balance 60% construction cost shall be arranged by the SPV. After considering reimbursement of 40% of Project bid cost, the balance construction cost of ₹720.05 Crore (including interest during construction), proposed to be funded by Equity and Loan Investment of ₹217.05 Crore and ₹503 Crore respectively.

The Client has failed to hand over 100% encumbrance free land within 180 days from the appointed date as per the terms of agreement. The scope available as on 181st day was to the tune of 74% only. In spite of the same, the Project has achieved 2nd Project Milestone of 30% Physical Progress and 35% Financial progress within the stipulated time period (within cure period of 90 days) and the 3rd Project Milestone with 75% Physical progress and 70% Financial progress was due for achievement on or before February 3, 2020 (including cure period of 90 days). It could not be achieved since the scope available as on 31.01.2020 was 81.39% only (by excluding the scope of works on the land not made available by the NHAI and works stopped by locals demanding additional structures and modification to the existing / under construction structures – 18.61%). The physical progress achieved at site as on 31st January 2020 is 62.83 % against total scope covered in the Concession Agreement and it is 77.19% (62.83/0.8139) when worked out from the scope of work available to the Concessionaire. The Financial Progress as on 31.01.2020 was 61.74% and it is 75.86% (61.74/0.8139) for the scope of work available to the SPV. The equated Physical & Financial progress as on 31.01.2020 meets the requirements for 3rd project milestone within cure period.

As on March 31, 2020, the total physical progress of 66.77% and financial progress of 65.37% is achieved against total scope covered in the Concession Agreement. The scope available to SPV by NHAI was 81.39% only. Request is being made for descoping / delinking the works affected due to non-availability of land and due to stoppage of works by the locals as on March, 31 2020.

During the Year, IrconDHHL had achieved revenue from Operating Turnover of Rs.39,283.50 Lacs and profit/(Loss) after tax for the Financial Year 2019-20 of Rs.77.44 Lacs.

The Project Construction cost of Rs.720.05 Crores, funded by Equity and Loan Investment of Rs.217.05 Crores and Rs.503.00 Crores respectively out of which IRCON has infused Equity of Rs. 164.05 Crores and Rs. 269.22 Crores as loan as on 31st March 2020.

Financial Highlights: Financial Performance of the Company:

In pursuance of the provisions enumerated under Companies (Indian Accounting Standards) Rules, 2015, the Company, has prepared its annual financial statements for the Financial Year 2019-20 as per Indian Accounting Standards (IND AS) with a transition from erstwhile Indian Generally Accepted Accounting Principles ('Indian GAAP'). The accounting policies have accordingly been reframed for compliance of IND AS.

Financial performance indicators as on 31st March 2020:

(Amount in Rs. In Lakhs)

Sl.No.	Particulars	For the Year Ended 31.03.2020	For the Year Ended 31.03.2019
1.	Equity Share Capital	16,405.00	10,405.00
2.	Other Equity (includes Reserves and Surplus)	354.82	277.38
3.	Loan from Holding Company (Borrowings)	26,922.00	13000.00
4.	Intangible Assets under Development	0	0
5.	**Total Assets and Liabilities**		
6.	Revenue from Operations	39,283.50	31,270.32
7.	Other Income	113.66	170.13
8.	**Total Income (6) + (7)**	39,397.16	31,440.45
9.	Profile/Loss before Depreciation, Finance Costs, Exceptional Items and Tax	1871.01	574.90

	Expense		
10.	**Total Expenses (9) + (10)**	39,284.67	31,114.52
11.	*Less:* Depreciation	0.12	
12.	**Profit/(Loss) before Finance Costs, Exceptional Items and Tax Expense**	1871.01	574.90
13.	Less: Finance Costs	1758.40	248.97
14.	**Profit/(Loss) before Exceptional Items and Tax Expense**	112.49	325.93
15.	Add/(Less):Exceptional Items	-	-
16.	Profit/Loss before Tax Expense	112.49	325.93
17.	Less: Tax Expense (Current & Deferred)	35.05	111.62
18.	**Profit/Loss for the year (1)**	77.44	214.31
19.	Other Comprehensive Income (2)	-	-
20.	Total (1+2)	77.44	214.31
21.	Balance of Profit/loss for earlier years	277.38	63.07
22.	Less: Transfer to Debenture Redemption Reserve	-	-
23.	Less: Transfer to Reserve	-	-
24.	Less: Dividend paid on Equity Shares	-	-
25.	Less: Dividend paid on Preference Shares	-	-
26.	Less: Dividend Distribution Tax	-	-
27.	Balance carried forward	354.82	277.38

Dividend & Appropriation to Reserve:

In view of the status of the project which is under construction mode, the Board of Directors has not recommended any dividend for the financial year 2019-20.

As per the applicability of IND AS, Reserves are reflected as Retained Earnings under the head 'Other Equity' in Financial Statements and your Company has a balance of Rs.354.82 Lakhs in Retained Earnings as on 31st March 2020.

Share Capital of the Company as on March 31, 2020:

The Authorized Share Capital of the Company is Rs.217.05 Crores comprising of 21,70,50,000 Equity Shares of Rs.10 each and the Paid-up, Subscribed and Issued Share Capital of the Company is Rs.164.05 Crores comprising of 16,40,50,000 Equity Shares of Rs.10 each.

During the FY17-18, the Authorised Share Capital was increased from Rs.5 Crores to Rs.217.05 Crores at its Extra-Ordinary General Meeting held on 15th January 2018.

The Company has increased the Paid-up Share Capital of the Company from Rs.104.05 Crores to Rs.164.05 Crores in the Financial Year 2019-20.

The Details of the Rights issue since incorporation are as follows:

Date of Allotment	No. of Equity Shares allotted (of Rs.10 each)	Name of Allottee
April 5, 2018	2,00,00,000	Ircon International Limited (Holding Company)
August 16, 2018	3,40,00,000	
October 17,2018	5,00,00,000	
September 19, 2019	6,00,00,000	

Cash Flows from the Project:

The total -Cash Flows from the project activities during the year is **Rs. (18,191.28) Lakhs**.

Details of Subsidiary/Joint Ventures/Associate Companies:

Your Company is a wholly-owned Subsidiary of Ircon International Limited. For the period under review there was no Subsidiary/Joint Ventures/Associate Companies of the Company.

Board of Directors & Key Management Personnel:

The Company's management is headed by five Non-Executive Nominee directors as Board of the Company as appointed by the Holding Company of your Company as per Articles of Association of the Company: -

Sl. No.	Directors	Date of Appointment	DIN
1.	Mr. Shyam Lal Gupta, Part-time Chairman	01.11.2019	07598920
2.	Mr. Ashok Kumar Goyal, Director	11.05.2017	05308809
3.	Mr. Rajendra Singh Yadav, Director	27.01.2019	07752915
4.	Mr. Basant Kumar, Director*	19.09.2019	08556555
5.	Mr. Surajit Dutta, Director	05.09.2019	06687032

**Mr. Basant Kumar Cessed to be the Director of the Company w.e.f. 31st July 2020.*

Key Managerial Personnel:

Sl. No.	Key Personnel of Company	Date of Appointment	PAN No.
1.	Mr. NagangoudaPatil, Chief Executive Officer (Designated as KMP on 18.07.2018)	18.07.2018	BBZPP6530K
2.	Ms. Rachna Tomar, Chief Financial Officer (Designated as KMP on 31.03.2020)	31.03.2020	AJCPB0588R

3.	Ms. Pooja Rastogi, Company Secretary (Designated as KMP on 01.04.2019)	01.04.2019	BKHPR8220D

Changes in Directors and Key Managerial Personnel:

During the year, Ms. Anupan Ban and Mr. Anand Kumar Singh cessed to be the Director of the company w.e.f. 30th August 2019 and 4th September 2019 respectively.

Ms. Deepak Sabhlok cessed to be the Chairman and Director with effect from 31st October 2019 due to his superannuation. The Board places on record its appreciation for their invaluable contribution and guidance.

Mr. Surajit Dutta and Mr. Basant Kumar were appointed as Directors w.e.f. 5th September 2019 and 19th September 2019 respectively.

Pursuant to provisions of Section 203 of the Companies Act 2013, Key Managerial Personnel of the Company as on March 31, 2020 are: Mr. Nagangouda Hanumanthgouda Patil, Chief Executive Officer, Ms. Rachna Tomar, Chief Financial Officer and Ms. Pooja Rastogi, Company Secretary of the company. The Company has appointed Ms. Rachna Tomar as Chief Financial Officer in place of Ms. Kratika Gupta w.e.f 31st March 2020.

Number of meetings of the Board of Directors:

Ten meetings of the Board were held during the year under review as per the provisions of the Companies Act, 2013, Meetings of Board and its Powers, Rules, 2014 and DPE (Corporate Governance) Guidelines 2010. For details of the meetings of the Board, please refer to the corporate Governance Report, which is a part of this report.

The Board Meetings were held 08.04.2019, 20.05.2019, 29.07.2019, 23.08.2019, 19.09.2019, 16.10.2019, 24.10.2019, 18.12.2019, 27.01.2020, 02.03.2020.The interval between the Board Meetings was within the period prescribed under the Companies Act, 2013.

Number of the Board meetings attended by the Directors during the financial year 2019-20 is as follows:

Name of the Director	Number of the Board meetings attended
Mr. Deepak Sabhlok (upto 31.10.2019)	7/7
Mr. Shyam Lal Gupta (w.e.f. 01.11.2019)	3/3
Mr. Ashok Kumar Goyal	10/10
Mr. Anand Kumar Singh (upto 04.09.2019)	4/4
Mr. Rajendra Singh Yadav (upto 19.09.2019 then w.e.f. 27.01.2020)	5/7
Mr. Basant Kumar (w.e.f. 19.09.2019)	6/6
Ms. Anupam Ban (upto 30.08.2019)	4/4

Mr. Surajit Dutta (w.e.f. 05.09.2019)	6/6

Board Committees:

The Committees were reconstituted on September 19, 2019 and on January 27, 2020 and dissolved with effect from March 2, 2020:

1. Audit Committee
2. Nomination and Remuneration Committee

The Company being a wholly owned subsidiary of IRCON, has been exempted from the appointment of Independent Directors on the Board and constitution of Board Committees viz. Audit Committee and Nomination & Remuneration Committee (NRC) as per the gazetted notification dated 5th July 2017 and 13th July 2017 respectively issued by the Ministry of Corporate Affairs (MCA).

Directors' Responsibility Statement:

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed:

a) that in the preparation of the annual financial statements for the year ended 31st March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2020 and of the Income & Expenditure Account of the Company for that period ended on that date;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) that the annual financial statements have been prepared on a going concern basis;

e) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Declaration by an independent director(s) and re-appointment:

The Company do not have any Independent Director during the Financial Year 2019-20.

Management and Discussion Analysis Report (MDAR):

The MDAR has been appended as **Annexure – A** forming part of this report.

Extract of Annual Return:

The extract of Annual Return in Form MGT-9 pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, 2014 is appended as **Annexure – B** forming part of this report.

Report on Corporate Governance

The Report on Corporate Governance Report has been appended to this Report as **Annexure – C.**

Director's Observation and Comment's for Financial Statements (Explanation for any comments made by Auditors in their Report:

The Notes to Accounts forming part of the financial statements are self-explanatory and need no further explanation.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification / explanation.

AUDITORS:

Statutory Auditor:

M/s Singhal Sunil & Associates, Chartered Accountants, had been appointed as Statutory Auditors, for the Financial Year 2019-20 vide CAG letter No. CA. V/COY/ Central Government, IDHHL(I)699 dated 09.08.2019. They have confirmed by way of a written consent and certificate as required under Section 139(1) of the Companies Act, 2013.

Cost Auditor:

The Board of Directors have appointed M/s. Ravi Sahni & Co., Cost Accountants, as Cost Auditor of the Company for the financial year 2019-20 for conducting the audit of cost records maintained by the Company as per the applicable Rules / Guidance Note, etc.

Secretarial Auditor:

The Board of Directors have appointed M/s. Sorabh Jain & Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year 2019-20.

Internal Auditor:

The Board of Directors appointed M/s. V.M. Arora & Co., Chartered Accountants as Internal Auditors for the financial year 2019-20, to conduct the Internal Audit of the Company.

Particulars of Intercorporate loans, guarantees or investments (Section 185 and 186):

There are no transactions of loans, guarantees and investments as covered under the provisions of Section 185 and 186 of the Companies Act, 2013 during the financial year under review.

Particulars of contracts or arrangements with related parties:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The same has been reflected in AOC-2 appended as **Annexure – D** forming part of this report.

Material changes and commitments affecting the financial position of the company after the closure of the Financial Year:

No material changes and commitments affecting the financial position of the Company had occurred in the interval between the end of the financial year and the date of this report.

Rights Issue:

Date of Allotment	No. of Equity Shares allotted (of Rs.10 each)	Name of Allottee
September 19,2019	6,00,00,000	Ircon International Limited (Holding Company)

Conservation of energy, technology Absorption, foreign exchange earnings and outgo:

The particulars as prescribed under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are set out hereunder:

A. Conservation of energy: -

Your Company is not engaged in any manufacturing activity and hence the furnishing of particulars is not applicable to the Company.

B. Technology absorption: -

Your Company is not engaged in any manufacturing activity and hence the furnishing of particulars is not applicable to the Company.

C. Foreign exchange earnings and Outgo: -

There was no Foreign Exchange Earnings and Foreign Exchange Outgo during the year 2019-20.

Risk Management:

The Company has robust business risk management framework capable of identifying business risks, commensurate with its activities. In the opinion of the Board, presently the Company does not foresee any major threat/risk to the business of the Company.

Corporate Social Responsibility:

The requirement of constituting Corporate Social Responsibility (CSR) Committee pursuant to Section 135 of the Companies Act, 2013 is not applicable to the Company.

Particulars of Employees:

There is no employee who has drawn remuneration of Rs.60 Lakhs or more per annum or Rs.5 Lakhs or more per month during the year 2019-20 in terms of section 134(3) of the Companies Act, 2013 read with rule 5(2) of Companies (Appointment & Remuneration of key Managerial Personnel) Rules, 2014.

Change in the nature of business:

There is no change in the nature of business of the company during the financial year 2019-20.

Public Deposits:

During the year under review, your Company has not invited any deposits from its members pursuant to the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the company's operations in future.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

During the period under review, there was no incidence where any complaint relating to sexual harassment was reported pursuant Section 22 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Vigil Mechanism:

The provisions of Section 177(9) of the Companies Act, 2013 relating to establishing of a vigil mechanism are not applicable to company.

Memorandum of Understanding:

Department of Public Enterprises has granted exemption to your Company from signing of MoU with Ircon for the Financial Year 2019-20.

Bankers to the Company:

Indian Overseas Bank (IOB) having branch office at: First Floor, Palika Bhawan, R.K. Puram Block B, Sector 13, R.K. Puram, New Delhi – 110066 is acting as the Sole Banking Partner for the Company in terms of providing services as opening of current account, escrow account and maintenance of fixed deposit (FD) in the name of the Company.

Acknowledgement:

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities and for the valuable assistance and co-operation extended to the Company by the Ircon International Limited, Lenders, Business Associates, Auditors of the Company and the valued Client of the Company-National Highways Authority of India during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the committed services rendered by the employees of the Company.

For and on behalf of Board of Directors
of Ircon Davanagere Haveri Highway Limited

Sd/-
Shyam Lal Gupta
Chairman
DIN: 07598920

Date: 19.08.2020
Place: New Delhi

Annexure-A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)

Industry Structure and Developments:

Highway Projects awarded by NHAI are mostly Built, Operate and Transfer (BOT) projects or Hybrid Annuity (HAM) Projects.

Hybrid Annuity (HAM) Projects are a game changer in the construction arena, particularly in Road, in PPP model.

HAM's a hybrid — a mix of the EPC (engineering, procurement and construction) and BOT (build, operate, transfer) models. Under the EPC model, NHAI pays private players to lay roads. The private player has no role in the road's ownership, toll collection or maintenance (it is taken care of by the government). HAM arose out of a need to have a better financial mechanism for road development. HAM is a good trade-off, spreading the risk between developers and the Government. Under BOT model, private players take the responsibility of construction, maintenance and toll collection for a specified period of time say 20 years (Construction period included). During this 20 years, all toll collection will be done by Contractor and maintenance to be done by himself. After the expiry of 20 years, Ownership of the road is handed over the NHAI. In this model private player to invest all monies during construction period and expected to recover these amount (along with the interest cost) from the toll revenue. Private payer is always running a risk after huge initial cash out flow.

To overcome this risk and uncertainty, an alternate version of BOT model is BOT Annuity model (HAM). In this annuity model, generally, toll revenue risk is taken by NHAI while the contractor is paid a pre-fixed annuity for construction and maintenance of road.

HAM is the middle approach to trade off risks between developer and NHAI. By only investing 60%, the developer or the Concessionaire Company is able to bear the project construction costs and associated financial liabilities. Annuity payments ensures the developer steady cash flow during maintenance period.

Strengths and Weaknesses:

Strengths:

- Infrastructure Projects of NHAI, under HAM model are financially more secure;
- Liquidity to the developer and the financial risk is shared by the government;
- Toll Revenue Risk, is borne by the Authority – NHAI, giving room for the developer to focus on construction and maintenance of highway.

Weaknesses:

- Chances of Natural disadvantage are there.
- Construction Projects relating to highways face issues with respect to efficiency in delivering timely output.

Opportunities and Threats:

Opportunities:

In an annuity road project, there is no demand risk and the project SPV typically gets a fixed semi-annual payment from NHAI. There is financial security which shall bring stability and the related profitability.

Threats:

Since NHAI funds the HAM projects in 40:60 ratio, there exists a funding drawback for getting funds on time for project completion and there may be delays in payment of annuities that could lead to both liquidity mismatches and time value losses, thereby impacting the ability to service debt on time.

FY 2020 PERFORMANCE OVERVIEW: FINANCIAL

The following table gives an overview of the financial results of the Company: -

(Amount in Rs. Lakhs)

	Particulars	FY 2019-20
I.	**Revenue:**	
	Revenue from operations	39,283.50
	Other income	113.66
	Total Revenue	39,397.16
II.	**Expenses:**	
	Operating Cost	39,283.48
	Other Expenses	1.19
	Total Expenses	39284.67
IV.	**Profit Before Tax**	112.49
	Provision for Taxation	
	- Current/ Earlier years Tax/Deferred Tax	35.05
V.	**Profit / (Loss) After Tax**	77.44
VI.	**Total Comprehensive Income (Comprising Profit (Loss) & Other Comprehensive Income**	77.44

FY 2020 PERFORMANCE OVERVIEW: PHYSICAL

The works of Earthwork, SG, GSB, WMM, DBM layer, milling of existing BT surface, RE Wall & RT Wall including Back filling, Major Bridges Foundation & Sub structure, Minor Bridges, Flyover, VUP, LVUP, Pipe and Box Culverts & RCC Drain are in progress at available fronts.

304+220 VUP Reinforcement in Progress

325+233 RHS Minor Bridge

DBM Laying (Lane-2) at 329+500 LHS

338+500Rhs PUP widening

FY 2020 PERFORMANCE OVERVIEW: HUMAN RESOURCES

The Company has appointed the Chief Executive Officer (CEO), CFO as deputed from the holding Company Ircon International Limited and the Company Secretary of the Company for handling the executive functions, financial affairs and mandatory compliances and disclosures of the Company.

For and on behalf of Board of Directors
of Ircon Davanagere Haveri Highway Limited

Sd/-
Shyam Lal Gupta
Chairman
DIN: 07598920

Date: 19.08.2020
Place: New Delhi

ANNEXURE – B

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	**CIN**	U45500DL2017GOI317401
2.	**Registration Date**	11th May, 2017
3.	**Name of the Company**	Ircon Davanagere Haveri Highway Limited
4.	**Category/Sub-category of the Company**	Government Company (Wholly-owned Subsidiary Company of Ircon International Limited)
5.	**Address of the Registered office & contact details**	C-4, District Centre, Saket, New Delhi -110017
6.	**Whether Listed or Unlisted Company**	Unlisted Company
7.	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY: (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of Main Products / Services	NIC Code of the Products/Services	% to Total Turnover of the Company
1.	Rendering Services in the nature of construction of Highway Project on NH-48 (old NH-4) in the state of Karnataka Construction Services: Highway Project (Through EPC Contractor)	42101	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
1	Ircon International Limited	L45203DL1976GOI008171	Holding Company	100% *	Sec 2(46)

* 100% Shares held by Ircon International Limited (Ircon) and its 8 Nominees.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) CATEGORY-WISE SHARE HOLDING:

Category of Shareholders	No. of Shares held at the beginning of the year, [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.#	Nil	104050000	104050000	100%	Nil	164050000	164050000	100%	57.66%
e) Banks / FI	-	-	-	-	-	-	-	-	
f) Any other	-	-	-	-	-	-	-	-	
(2) Foreign	-	-	-	-	-	-	-	-	
Total Shareholding of Promoters (A)	**Nil**	**104050000**	**104050000**	**100%**	**Nil**	**164050000**	**164050000**	**100%**	**57.66%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ` 1 lakh	-	-	-	-	-	-	-	-	-

ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**Nil**	**104050000**	**104050000**	**100%**	**Nil**	**164050000**	**164050000**	**100%**	**57.66%**

Bodies Corporate: 100% Shareholding is with Body Corporate – Ircon International Limited and its 8 Nominees.

B) SHAREHOLDING OF PROMOTERS:

SN	Shareholder's Name	Shareholding at the beginning of the year, as on 1st April 2019			Shareholding at the end of the year, as on 31st March 2020			% Change in Shareholding during the Year
		No. of Shares	% of Total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the company	%of Shares Pledged / encumbered to Total Shares	
1	Ircon International Limited	104050000	100%	Nil	164050000	100%	Nil	57.66%
	Total	**104050000**	**100%**	**Nil**	**164050000**	**100%**	**Nil**	**57.66%**

Shareholding of Promoters: Company is wholly-owned subsidiary of Ircon International Limited – with 16,40,49,100 Equity Shares of Rs.10/- each i.e. Entire Shareholding held by Indian Promoters. The other 8 shareholders are holding shares **"for and on behalf of Ircon International Limited".**

C) CHANGE IN PROMOTERS' SHAREHOLDING:

SN	Particulars	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company

1.	At the Beginning of the Year	104050000	100%	104050000	100%
2.	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / (decrease) (e.g. allotment /transfer / bonus/ sweat equity etc.):				
	Date of Allotment / Reason				
	19.09.2019* / Rights issue	60000000	100%	164050000	100%
3.	At the End of the Year	164050000	100%	164050000	100%

D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:
(OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	At the Beginning of the Year	NOT APPLICABLE			
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3.	At the End of the Year				

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shareholding of Each Director(s) and Each Key Managerial Personnel$	Shareholding at the beginning of the Year, as on 31st March 2019		Cumulative Shareholding during the Year as on 31st March 2020	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the Beginning of the Year	-			
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
At the End of the Year				

** 200 Equity Shares of Rs.10 each are held by Mr. Ashok Kumar Goyal and 100 Equity Shares each of Rs.10 each are held by Mr. Shyam Lal Gupta, Mr. Surajit Dutta, Mr. Rajendra Singh Yadav and Mr. Basant Kumar, Directors of the Company "For and on behalf of Ircon International Limited"*

F) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	130,00,00,000	-	-	130,00,00,000
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	NIL			
Change in Indebtedness during the financial year				
* Addition	139,22,00,000	-	-	139,22,00,000
* Reduction	-	-	-	-
Net Change	NIL			
Indebtedness at the end of the financial year				
i) Principal Amount	26,922,00,000			26,922,00,000
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)	26,922,00,000			

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary	**NOT APPLICABLE**	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify…		
5.	Others, please specify		
	Total (A)		
	Ceiling as per the Act		

B. REMUNERATION TO OTHER DIRECTORS:

SN.	Particulars of Remuneration @	Name of Directors	Total Amount
1	Independent Directors		

	Fee for attending board committee meetings	**NOT APPLICABLE**
	Commission	
	Others, please specify	
	Total (1)	
2	Other Non-Executive Directors	
	Fee for attending board committee meetings	
	Commission	
	Others, please specify	
	Total (2)	
	Total (B)=(1+2) $	
	Total Managerial Remuneration	
	Overall Ceiling as per the Act	

@ IrconDHHL had five Part-time Directors during the financial year 2019-20, nominated on the Board by the holding company; do not draw any remuneration from the Company. No sitting fee is paid to the Part-time Directors.

C.<u>REMUNERATION TO KEY MANAGERIAL PERSONNEL (OTHER THAN MD/MANAGER/WTD):</u>

S.No.	**Particulars of Remuneration #**	**Key Managerial Personnel**			
		CEO	**CS**	**CFO**	**Total**
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,57,581	4,23,093	12,26,700	27,07,374
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	others, specify…	-	-	-	-
5	Others, please specify				
	- Performance linked incentive (PRP)		-	1,29,082	1,29,082
	- Retirement benefits (Pension, PF)	1,29,910	50,774	3,25,078	5,05,762
	Total	**11,87,491**	**4,73,867**	**16,80,860**	**33,42,218**

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	**Section of the Companies Act**	**Brief Description**	**Compounding fees imposed**	**Authority [RD / NCLT/ COURT]**	**Appeal made, if any (give Details)**
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					

C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

* Form MGT-14 related to appointment of Internal Auditor for FY 2019-20 as per section 177 read with 179(3) of the Companies Act 2013 was not filed with the stipulated time. It may be noted that the application for condonation of delay was filed in Form CG-1 in FY 2020-21

For and on behalf of Board of Directors
of Ircon Davanagere Haveri Highway Limited

Sd/-
Shyam Lal Gupta
Chairman
DIN: 07598920

Date: 19.08.2020
Place: New Delhi

ANNEXURE – C

CORPORATE GOVERNANCE REPORT

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's wealth generating capacity. The Company being a government entity focuses on adherence to **"Corporate Governance Measures"** being adopted for effective business functioning and conduct of transactions in a transparent manner. Our corporate governance framework ensures effective engagement with our management and our stakeholders and helps us evolve with changing times.

1. Company Philosophy and Governance:

IrconDHHL, a wholly-owned subsidiary of Ircon International Limited (IRCON), has since its inception focused on adhering to the principals of integrity, accountability, adequate disclosures and compliances, transparency in corporate decision-making and actions. Procedures and systems have been adopted and been put in place, to ensure timely reporting to varied statutory authorities and streamlining of corporate processes. Functional based roles have been assigned amongst the personnel for managing the corporate work and governance mechanisms in line with the Holding Company, IRCON, have been internalised by the Company.

Good Governance is practised by having effective control over the affairs of the company in the interest of the Company shareholders and other stakeholders.

2. Board of Directors

2.1 Composition of Board: -

As on March 31, 2020, our Board comprised five members, consisting of all directors appointed by the holding Company ,Ircon International Limited ('IRCON') pursuant to Article 54 of the Articles of Association (AOA) of the Company:-

Sl. No.	Directors	Category	Date of Appointment	Date of Cessation
1.	Mr. Shyam Lal Gupta *[DIN 07598920]*	Part-time Chairman	01.11.2019	-
2.	Mr. Deepak Sabhlok *[DIN 03056457]*	Part-time Chairman	11.05.2017	31.10.2019
3.	Mr. Ashok Kumar Goyal *[DIN 05308809]*	Part-time Director	11.05.2017	-
4.	Mr. Anand Kumar Singh *[DIN 07018776]*	Part-time Director	11.05.2017	04.09.2019
5.	Mr. Rajendra Singh Yadav *[DIN 07752915]*	Part-time Director	11.05.2017 27.01.2020	19.09.2019 -
6.	Mr. Basant Kumar *[DIN 08556555]*	Part-time Director	19.09.2019	-
7.	Mr. Surajit Dutta *[DIN 06687032]*	Part-time Director	05.09.2019	-
8.	Ms. Anupam Ban *[DIN 07797026]*	Part-time Director	11.05.2017	30.08.2019

2.2 Board Meetings: -

Board Meetings are convened in line with the provisions stated in the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 read with Guidelines on Corporate Governance issued by the Department of Public Enterprises. To address any specific urgent need, meetings are sometimes also called at a shorter notice. In case of exigencies or urgency, resolutions are also passed by circulation. The meetings of the Board of Directors are normally held at the Company's registered office at New Delhi.

During the financial year 2019-20, ten (10) Board Meetings were held. The first meeting was held on April 8, 2019 and subsequent meetings were held on May 2, July 29, August 23, September 19, October 16, October 24, December 18, 2019, January 27, March 2, 2020. The maximum interval between any two meetings during this period was 88 days.

The table below shows number of Board meetings attended by Directors and attendance at last AGM. It also shows other directorships/ committee memberships held by them during the year 2019-20:

Name of the Director	Meeting held during respective tenures of Directors	No. of Board Meetings attended	Attendance at the AGM (held on 26.08.2019)	Directorship in other Public Companies	Number of Committee positions held in other Public Companies	
					Chairman	Member
Mr. Shyam Lal Gupta (w.e.f 01.11.2019)	3	3	NA	8 [Ircon, CEWRL, CERL, MCRL, IrconPBTL, BRPL, IrconSGTL, IrconVKEL]	-	3
Mr. Deepak Sabhlok (upto 31.10.2019)	7	7	Yes	NA	NA	NA
Mr. Ashok Kumar Goyal	10	10	Yes	5 [ISTPL, IrconISL, IrconPBTL, IrconSGTL, and IrconVKEL]	3	2
Mr. Anand Kumar Singh (upto 04.09.2019)	4	4	Yes	NA	NA	NA
Mr. Rajendra Singh Yadav (upto 19.09.2019 then w.e.f. 27.01.2020)	7	5	Yes	3 [IrconPBTL, IrconSGTL and IrconVKEL]	-	1
Ms. Anupam Ban (upto 30.08.2019)	4	4	Yes	NA	NA	NA
Mr. Basant Kumar (w.e.f. 19.09.2019)	6	6	NA	NIL	NIL	NIL
Mr. Surajit Dutta (w.e.f. 05.09.2019)	6	6	NA	3 [IrconISL, IrconSGTL, and IrconVKEL]	1	2

Notes:

1. Ms. Anupam Ban cessed to be the director of the company w.e.f 30.08.2019 and 100 shares held by her as nominee shareholder on behalf of Ircon International Limited were endorsed to Mr. Basant Kumar.
   (Mr. Basant Kumar cessed to be the director of the company w.e.f 31.07.2020 and 100 shares held by him as nominee shareholder on behalf of Ircon International Limited were endorsed to Mr. B.Mugunthan).
2. Mr. Anand Kumar Singh, cessed to be director of the Company w.e.f 04.09.2019 and 100 shares held by him as nominee shareholder on behalf of Ircon International Limited were endorsed to Mr. Surajit Dutta
3. Mr. Deepak Sabhlok cessed to be chairman and director in the company w.e.f 31.10.2019
4. The number of Directorships is within the maximum limit of: 20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.
5. Directors are not related to each other.
6. Directors do not have any pecuniary relationships or transactions with the Company.
7. The Directorships / Committee memberships are based on the latest disclosure received from Directors.
8. Committee memberships of Audit Committees of all Public Limited Companies have been considered.
9. The number of committee memberships of directors is within the maximum limit of ten including the permitted limit of five chairmanships under the DPE Corporate Governance Guidelines, 2010 (DPE Guidelines). Only Audit Committee is to be counted for the said limit.
10. Full names of Companies referred:
    a) Ircon – Ircon International Limited
    b) IrconISL – Ircon Infrastructure Services Limited
    c) ISTPL – Ircon-Soma Tollway Private Limited
    d) IrconPBTL - Ircon PB Tollway Limited
    e) IrconSGTL – Ircon Shivpuri Guna Tollway Limited
    f) CERL – Chhattisgarh East Railway Limited
    g) CEWRL - Chhattisgarh East-West Railway Limited
    h) MCRL – Mahanadi Coal Railway Limited
    i) IrconVKEL – Ircon Vadodara Kim Expressway Limited
    j) IrconDHHL – Ircon Davanagere Haveri Highway Limited
    k) BRPL- Bastar Railway Private Limited

3. Committees of Board

The Board had two committees in the financial year under the review: Audit Committee and Nomination and Remuneration Committee,

3.1 Composition:

As on 2nd March 2020, the Committees comprised the following members:-

Name of Director	Audit Committee	Nomination and Remuneration Committee
Mr. Rajendra Singh Yadav (w.e.f. 27.01.2020)	Member	Chairman
Mr. Basant Kumar (w.e.f. 19.09.2019)	Member	Member
Mr. Surajit Dutta (w.e.f. 19.09.2019)	Chairman	Member

Company Secretary is the Secretary to these Committees.

Note: The Committees were reconstituted on September 19, 2019 and on January 27, 2020 and dissolved with effect from March 2, 2020

3.2 Meetings and Attendance:

During the financial year 2019-20, six (6) meetings of the Audit Committee and no meeting of Nomination and Remuneration Committee were held. The first meeting was held on May 2, 2019 and subsequent meetings on July 29, August 23, October 24, December 18, 2019, and January 27, 2020 respectively. The details of the meetings of Audit Committee attended by the members are as under:-

Members of Committee	Audit Committee	
	Meetings held during their tenure	**Meetings attended**
Mr. Ashok Kumar Goyal (Upto 27.01.2020)	**6**	**6**
Mr. Anand Kumar Singh (Chairman w.e.f. 18.07.2018 to 04.09.2019)	**3**	**3**
Ms. Anupam Ban (Member w.e.f. 18.07.2018 to 30.08.2019)	**3**	**3**
Mr. Rajendra Singh Yadav (Member w.e.f 18.07.2018 to 19.09.2019 then w.e.f. 27.01.2020)	**3**	**2**
Mr. Basant Kumar (Member w.e.f. 19.09.2019)	**3**	**3**
Mr. Surajit Dutta (Chairman w.e.f. 19.09.2019)	**3**	**3**

4. Remuneration of Directors:

None of the Directors draw any remuneration and Sitting fees for attending the Meetings from the Company.

5. General Meetings:

Date, time and location where the last three General Meetings alongwith details of Special Resolutions passed are as under:

Financial Year	Date of Meeting	Time	Location/ Venue	Special Business
2017-18 (1st EGM)	1st June, 2017	1500 Hours	C-4, District Centre, Saket, New Delhi-110017	• To amend object clause of Memorandum of Association of the Company • Borrowing Powers of the Company in excess of Paid-up capital and free reserves under Section 180 (1)(c) of companies Act, 2013
2017-18	15th January,	1230	C-4, District	• To increase in authorised

(2nd EGM)	2018	Hours	Centre, Saket, New Delhi-110017	share capital and subsequent alteration of memorandum of association of the Company • Alteration of Articles of Association of the Company
2017-18 (1st AGM)	27th September, 2018	1330 Hours	C-4, District Centre, Saket, New Delhi-110017	NIL
2018-19 (2nd AGM)	26th August, 2019	1530 Hours	C-4, District Centre, Saket, New Delhi-110017	• To ratify the remuneration of the Cost Auditors of the Company-M/s Ravi Sahni & Co., Cost Accountants, for the financial year 2019-20

6. Shareholding as on March 31, 2020:

Name of Shareholders	Number of Equity Shares held (of Rs.10 each)	% of holding
Ircon International Limited (Holding Company)	16,40,49,100	99.99
Ashok Kumar Goyal*	200	Negligible
Shyam Lal Gupta*	100	Negligible
Yogesh Kumar Misra*	100	Negligible
Surajit Dutta*	100	Negligible
Parag Verma*	100	Negligible
Subhash Chand*	100	Negligible
Basant Kumar*	100	Negligible
Rajendra Singh Yadav*	100	Negligible
TOTAL	**16,40,50,000**	**100**

**Nominee shareholders holding shares on behalf of Ircon International Limited.*

7. Disclosures and Statutory Compliances: -

Adequate Disclosures pertaining to director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorisation of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters.

8. CEO/CFO Certification

The Chief Executive Officer and Chief Finance Officer have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and financial reporting which was placed before the Board of Directors (placed as **Annexure – C1** to this Report).

9. Certificate for Compliance with Corporate Governance Guidelines

DPE Guidelines, 2010 prescribes a certificate to be obtained from the Statutory Auditors or the Practicing Company Secretary for corporate governance guidelines followed by the Company (Chapter 8: Report, Compliance and Schedule of Implementation – Clause 8.2: Compliance).

The said certificate was obtained from the Practising Company Secretaries (PCS), Arun Kumar Gupta and Associates, Company Secretaries, having office at 1005, Roots Tower, Plot No. 7, District Centre, Laxmi Nagar, Delhi – 110092, for the Financial Year 2019-20, and is attached herewith as **Annexure – C2.**

For and on behalf of Board of Directors
of Ircon Davanagere Haveri Highway Limited

Sd/-
(Shyam Lal Gupta)
Chairman
DIN: 07598920

Date: 19.08.2020
Place: New Delhi

ANNEXURE -C1

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We have reviewed the Financial Statements including the Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement for the Financial Year 2019-20 and 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 statement 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.

(iii) These 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 General Code of Conduct as agreed to be followed by the Directors and Senior Management of the Company.

(iv) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditor’s deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to rectify these deficiencies.

(v) We have indicated to the Auditor any changes in Accounting Policies that may have been effected during the year, and that the same have been disclosed in the Notes to the Financial Statements; and

(vi) There was no instance of fraud of which we are aware nor there has been involvement of the Management or an employee having a significant role in the Company’s internal control system over financial reporting.

Sd/-
Mr. Nagangouda Hanumanthgouda Patil
Chief Executive Officer (CEO)

Sd/-
Ms. Rachna Tomar
Chief Financial Officer(CFO)

Date: 24.06.2020
Place: New Delhi

ANNEXURE – C2

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE GUIDELINES OF DEPARTMENT OF PUBLIC

To
The Members of
IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
C-4, District Centre, Saket,
New Delhi – 110017

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2020, by Ircon Davanagere Haveri Highway Limited, a Government Company under section 2(45) of the Companies Act, 2013 (corresponding sections 2(18) and 617 of the Companies Act, 1956), as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).

We have studied the Report on Corporate Governance of the said Company as approved by its Board of Directors. We have also examined the relevant records and documents maintained by the Company and furnished to us for our review in this regard.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of 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 statement of the Company.

We state there has been no investor grievance during the year against the Company as per the records maintained by the Company.

We further comment 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.

In our opinion and to the best of our information and on the basis of our review and according to the information and explanation given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance in all material respects as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), except *related to appointment of Independent Directors and submission of Quarterly Reports as per the provisions of DPE Corporate Governance Guidelines, 2010. However it is understood that as the Company is constituted as Special Purpose Vehicle (SPV) got exemption for appointing Independent Directors, submitting Quarterly report and other Compliance of Corporate Governance Guidelines issued by Department of Public Enterprises (DPE), vide its O.M. dated 11th July, 2019 and 8th July, 2014, which was also confirmed by its holding Company i.e. Ircon International Limited vide its e-mail dated 28th January, 2020. Subsequently Company revoked its Audit Committee & Nomination & Remuneration Committee w.e.f 02nd March, 2020.*

It is further stated that the aforesaid opinion is based upon the submissions made by the Company with supporting documents and correspondence files and the secretarial and other statutory records maintained by the Company.

For ARUN KUMAR GUPTA &ASSOCIATES
COMPANY SECRETARIES

Sd/-
(Arun Kumar Gupta)
FCS- 5551
CP No- 5086
UDIN:-F005551B000579951

Place: New Delhi
Date: 14.08.2020

ANNEXURE - D

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto for the financial year 2019-20

Sr. No.	Nature of contracts or arrangements or transactions	Duration of the contracts or arrangements or transactions	Salient terms of the Contracts or Arrangements or Transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1.	**EPC Agreement** (For Appointing Ircon International Limited as EPC Contractor for execution of project works of "Six Laning of Davanagere Haveri from km 260+000 to km 338+923 of NH-48(Old NH-4) in the state of Karnataka"	Estimated Duration: 30 Months (Period for Construction by EPC Contractor)	The Contract has been executed for a value of Rs.1026.96 Crores inclusive GST @ 12%. Works expenses paid to IRCON for the same during FY:19-20 amounts to Rs.37185.90 Lacs.	February 20,2018 & 9th November, 2017	NIL (As on Date)
2.	**Lease Agreement** (Rent for Use of Office Premises)	Three Years (2018 to 2021)	IrconDHHL has signed a Lease Agreement with IRCON on 9th August 2018 for a period of 3 years with effect from 15.05.2018 @ ` 19,305/- p.m. plus GST	-	NIL (As on Date)

For and on behalf of Board of Directors of Ircon Davanagere Haveri Highway Limited

Sd/-
Shyam Lal Gupta
Chairman
DIN:07598920

Date: 19.08.2020
Place: New Delhi

ANNEXURE - E

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the financial year ended March 31, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
IRCON DAVANGERE HAVERI HIGHWAY LIMITED
Plot No. C-4, District Centre Saket, New Delhi -110017.

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **IRCON Davanagere Haveri Highway Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **IRCON Davanagere Haveri Highway Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **IRCON Davanagere Haveri Highway Limited** for the financial year ended on March 31, 2020, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not Applicable to the Company)**

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Not Applicable to the Company)**

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the period);**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company).**

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992**; (Not applicable to the Company).**

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company).**

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable to the Company).**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company).**

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **(Not applicable to the Company).**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)**and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company).**

vi. We further report that, having regards to the compliance system prevailing in the company, on examination of the documents provided by the company, the company has complied with the following laws applicable to the company:
   a. The Building and other Construction workers (Regulation of Employment and Conditions of Services) Act, 1996;
   b. Building and other Construction workers welfare Cess Act, 1996;
   c. Environmental Laws, as applicable;
   d. Labour Laws, as applicable.

We have also examined compliance with the Secretarial Standard I and Secretarial Standard II issued by the Institute of Company Secretaries of India (ICSI) were applicable to the Company for the period under review.

We further report:
That the Board of Directors of the Company is duly constituted with only Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

That adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions at the Board Meetings, as represented by the management, were taken unanimously.

That as per the explanations given to us and the representations made by the Management and relied upon by us there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

That during the period under review, as explained and represented by the management, the company has allotted 6,00,00,000 shares (the breakup is shown under table no. 1 below) during the financial year as specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., having a major bearing on the Company's affairs.

Table no. 1

Right Issues	No. of Shares subscribed & paid up	No. of shares allotted	Date of Allotment
I	Equity Issue of 6,00,00,000 shares	6,00,00,000	19.09.2019

For Sorabh Jain & Associates
Company Secretaries

Sd/-
Sorabh Jain
Proprietor
M. No. A45034
C.P. No. 16489
UDIN:-A045034B000585772

Place: Delhi
Dated: 17.08.2020

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Members
IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
Plot No. C-4, District Centre Saket, New Delhi -110017.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. Since disruptions caused by Government imposed lockdown and social distancing norms being implemented in the country due to COVID-19, we have only been able to examine the records from the system, and further original / physical records and supporting documents could not be verified. The management has provided us an access to the scanned copies of the various documents through mail which further been removed from the cloud by the company.

For Sorabh Jain & Associates
Company Secretaries

Sd/-
Sorabh Jain
Proprietor
M. No. A45034
C.P. No. 16489
UDIN:-A045034B000585772

Place: Delhi
Dated:17.08.2020

INDEPENDENT AUDITOR'S REPORT

To the Members of
IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
C – 4, District Centre
Saket, New Delhi (IN) – 110 017

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Standalone Financial Statements of **IRCON DAVANAGERE HAVERI HIGHWAY LIMITED** ("the Company") which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the period then ended and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory information (herein after referred to as "Standalone Financial Statements".

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of Affairs of the Company as at March 31, 2020, its profits, changes in equity and cash flows for the period ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

SINGHAL SUNIL & ASSOCIATES
NEW DELHI
FRN: 006930N
CHARTERED ACCOUNTANTS

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EMPHASIS OF MATTERS & MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The Company's net worth is not negative and the borrowings from banks, financial institutions or any other sources (if any) have not been classified by the lenders as non – performing assets during the period. Hence this clause is not applicable on the company. We have nothing to report in this regard.

Further, we draw attention to Note No. 34 – "Covid – 19 Disclosure" of the financial statements, which is of such importance that it is fundamental / relevant to user's understanding of the financial statement. Our opinion is not modified in respect of this matter.

In addition to above, we draw attention to Note No. 16 – "Other Income" and Note No. 33 wherein the company in accordance with Ind AS 1 – "Presentation of Financial Statements", has netted off Interest Income on Mobilization Advance given to IRCON International Limited – INR 416.05 Lacs and Interest Costs on Mobilization Advance received from NHAI – INR 341.16 Lacs. We further state that the terms of give and take of mobilization advance and interest thereon are not prejudicial to the interests of the company. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters –

Key Audit Matter	How our audit addressed the matter
1. Revenue recognition in terms of Ind AS 115 – "Revenue from contracts with customers" Ind AS 115 prescribes five steps revenue recognition model. The Company recognizes revenue for a performance obligation satisfied over time after estimating its progress towards complete satisfaction of the performance obligation.	Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in terms of the applicable accounting standards.

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The recognition of revenue requires assessments and judgments to be made on changes in work scope, claims (compensation, rebates etc.) and other payments to the extent performance obligation is satisfied. The company measures the performance obligation by applying input method. In the contracts where performance obligation cannot be measured by input method, the output method is applied, which faithfully depicts the Company's performance towards complete satisfaction of the performance obligation. During order fulfilment, contractual obligations may need to be reassessed. In addition, change orders or cancellations have to be considered. As a result, total estimated project costs may exceed total contract revenues and therefore require immediate recognition of the expected loss. Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. For details refer Note 23 – Service Concession Agreements and Note 30 – Revenue from Contracts with Customers to the Standalone Ind AS Financial Statements.	We evaluated the design of internal controls relating to implementation of the new revenue accounting standard (last financial year) and changes required in terms of change in estimated project cost and changes in contract clauses / conditions with respect to macro environmental changes (current year). We scrutinized the agreement with NHAI and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and satisfaction of performance obligations. We further examined costs included within WIP balances and tested their recoverability through comparing the net realizable values as per the agreements with estimated cost to complete. We further examined the amounts of Financial Asset recognized under the Service Concession Agreement with NHAI and estimated the recoverability based on completion of milestones and taking into account the receivables due from NHAI. We performed following substantive procedures over revenue recognition with specific focus on whether there is single performance obligation or multiple performance obligations in the contract and whether the performance obligation is being satisfied over the period of time or at a point in time: • Read, analysed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Considered the terms of the contracts to verify the transaction price used to allocate to separate performance obligations. • Checked whether the performance obligation is being satisfied over the period of time or at a point in time • Performed analytical procedures for reasonableness of revenues disclosed.

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OTHER MATTERS

Scope limitation due to COVID 19

In view of the disruptions caused by Government imposed lockdown and social distancing norms being implemented in the country due to nCOVID – 19, we have only been able to examine the accounts mostly from the system and original books of account and supporting documents underlying these financial statements could not be verified in majority of the cases. The management has provided us with the scanned copies of various documents which were essential for the purpose our audit.

We wish to highlight that due to the COVID 19 induced restrictions on physical movement and strict timelines, the audit team could not properly visit the office of the Company for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing, including but not limited to:

- Inspection, observation, examination and verification of the original documents / files;
- Verification of the adequacy and operating effectiveness of the internal financial controls;
- Verification of the title deeds of the immovable properties of the company;
- Observation with regard to access controls and data security;
- Any other audit procedure which require physical presence of the audit team.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f. Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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g. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

h. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

i. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(this space has been intentionally left blank)

SINGHAL SUNIL & ASSOCIATES
NEW DELHI
FRN. 008330N
CHARTERED ACCOUNTANTS

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub – section (11) of Section 143 of the Companies Act, 2013, we give in **Annexure – "A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and 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 accounts as required by law relating to preparation of the aforesaid standalone financial statements have been kept by the company so far as it appears from our examination of those books;

(c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the standalone financial statements;

(d) In our opinion, the aforesaid standalone financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors of the Company, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in **Annexure – "B"**.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
"In view of the Government Notification No. GSR 463 (E) dated June 5th, 2015, government companies are exempt from the applicability of Section 197 of the Companies Act, 2013."

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(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company does not have any pending litigations which would impact its financial position;

b. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As per Directions / Sub directions issued by the C&AG of India under section 143(5) of the Companies Act 2013, refer to our report in **Annexure – "C"**.

For SINGHAL SUNIL & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 008030N

SINGHAL SUNIL & ASSOCIATES NEW DELHI FRN. 008030N CHARTERED ACCOUNTANTS

CA SUNIL SINGHAL
PARTNER
M. No. 086904
UDIN – 20086904AAAAHR4699

Date : 24.06.2020
Place : New Delhi

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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

(Referred to in Paragraph 1 under 'Report on other legal and regulatory requirements' section of our report to the members of ***IRCON DAVANAGERE HAVERI HIGHWAY LIMITED*** *of even date)*

We report that –

1. **In respect of Company's Fixed Assets –**

   a. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. According to the information and explanations given to us, the Fixed Assets have been physically verified by the management in a phased manner at reasonable intervals, and no material discrepancies were noticed on such verification. Further, there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the company and nature of its business.

   c. The company does not own any immovable properties during the period of audit.

2. **In respect of Inventories –**

   The Company does not hold any inventories during the period of reporting; hence reporting under paragraph 3 (ii) of the order is not applicable.

3. According to information and explanation given to us by the management and records produced before us, the company has not granted any loan, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under Section 189 of the Companies Act, 2013. Accordingly, reporting under paragraph 3 (iii) of the order is not applicable.

4. In our opinion and according to information and explanation given to us by the management and records produced before us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013 are attracted. Accordingly, reporting under paragraph 3 (iv) of the order is not applicable.

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5. In our opinion and according to the information and explanations given to us by the management and records produced before us, the company has not accepted any deposits from public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6. The Central Government of India has prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for activities of the company and accordingly the company has maintained the required cost records at the Corporate Office of the company. However, no separate cost accounts are maintained.

7. **In respect of statutory dues –**

   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, income tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to the company have been generally regularly deposited during the year by the company with the appropriate authorities.

   b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of provident fund, income tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

   c. According to the information and explanations given to us and on the basis of the records of the company examined by us, there are no dues of income tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues which have not been deposited on account of any dispute.

8. In our opinion and according to the information and explanations given to us, the company has no outstanding dues to any financial institutions or banks or any government or any debenture holders during the year. Accordingly, reporting under paragraph 3 (viii) of the order is not applicable. However, the company has taken a loan of INR 139.22 Crores from its holding company, IRCON International Limited (CIN – L45203DL1976GOI008171) during the year ended 31st March, 2020 and the closing balance of such loan as at 31st March, 2020 is INR 269.22 Crores.

SINGHAL SUNIL & ASSOCIATES * CHARTERED ACCOUNTANTS * NEW DELHI FRN. 0?8030N

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9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under paragraph 3 (ix) of the order is not applicable. However, the company has accepted a Term Loan of INR 139.22 Crores from its holding company, IRCON International Limited (CIN – L45203DL1976GOI008171) during the year ended 31st March, 2020.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year and during the course of our audit.

11. In view of the Government Notification No. GSR 463 (E) dated June 5th, 2015, government companies are exempt from the applicability of Section 197 of the Companies Act, 2013. Accordingly, reporting under paragraph 3 (xi) of the order is not applicable to the company.

12. The Company is not a Nidhi Company as specified in Nidhi Rules, 2014 and accordingly reporting under paragraph 3 (xii) of the order is not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. However, the company has raised a total share capital of INR 60 Crores from IRCON International Limited (CIN – L45203DL1976GOI008171).

15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them, within the provisions of Section 192 of the Companies Act, 2013. Accordingly, paragraph 3(xv) of the order is not applicable.

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16. According to the information and explanations given to us and based on our examination of the records of the company, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For SINGHAL SUNIL & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 008030N

SINGHAL SUNIL & ASSOCIATES NEW DELHI FRN. 008030N CHARTERED ACCOUNTANTS

CA SUNIL SINGHAL
PARTNER
M. No. 086904
UDIN – 20086904AAAAHR4699

Date : 24.06.2020
Place : New Delhi

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

*(Referred to in Paragraph 2 under 'Report on other legal and regulatory requirements' section of our report to the members of **IRCON DAVANAGERE HAVERI HIGHWAY LIMITED** of even date)*

Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of The Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **IRCON DAVANAGERE HAVERI HIGHWAY LIMITED** ("the Company") as of March 31st 2020 in conjunction with our audit of the financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of The Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

SINGHAL SUNIL & ASSOCIATES NEW DELHI FRN. 008030N CHARTERED ACCOUNTANTS

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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that-

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future years are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2020:

During the year, the company has followed the system of processing its accounting transactions through the Accounting Software 'Tally ERP'. All the vouchers are approved manually and the same are posted in the books of account maintained in the Tally Software only. However, there is a possibility of posting of entries in back date within the financial year. Accordingly, the Company needs to improve the Internal Control System in this respect.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the effects / possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at March 31st 2020, and these material weaknesses do not affect our opinion on the standalone financial statements of the company.

For SINGHAL SUNIL & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 008030N

SINGHAL SUNIL & ASSOCIATES NEW DELHI FRN. 008030N CHARTERED ACCOUNTANTS

CA SUNIL SINGHAL
PARTNER
M. No. 086904
UDIN – 20086904AAAAHR4699

Date : 24.06.2020
Place : New Delhi

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Gujarat Orissa Punjab Haryana Uttar Pradesh Rajasthan Uttar Pradesh Maharashtra Jharkhand Jharkhand Madhya Pradesh Himachal Pradesh Gujarat

Singhal
Sunil & Associates
CHARTERED ACCOUNTANTS

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT OF IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
(Referred to in Paragraph 3 under 'Report on other legal and regulatory requirements' section of our report to the members of **IRCON DAVANAGERE HAVERI HIGHWAY LIMITED** *of even date)*

Replies to the Directions issued by Comptroller & Auditor General of India to the Statutory Auditors under Section 143(5) of the Companies Act, 2013 for the year ended March 31st 2020

SN	PARTICULARS	REPLY
1.	Whether the company has a system in place to process all the accounting transaction through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	**Yes, during the year, the Company has followed the system of processing its accounting transactions through the Accounting Software 'Tally ERP'. All the vouchers are approved manually and the same are posted in the books of account maintained in the Tally Software only.**
2.	Whether there is any restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	**During the year, there is no instance of any restructuring of an existing loan or cases of Waiver / write off of debts / loans / interest etc. made by a lender to the company.**
3.	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	**We have been informed that the Company has neither received nor any such funds are receivable by the Company for specific schemes from Central / State agencies for the year 2019 – 20.**

For SINGHAL SUNIL & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 008030N

CA SUNIL SINGHAL
PARTNER
M. No. 086904
UDIN – 20086904AAAAHR4699

SINGHAL SUNIL & ASSOCIATES NEW DELHI FRN. 008030N CHARTERED ACCOUNTANTS

Date : 24.06.2020
Place : New Delhi

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COMPLIANCE CERTIFICATE

We have conducted the audit of annual accounts of **IRCON DAVANAGERE HAVERI HIGHWAY LIMITED** for the year ended March 31st, 2020 in accordance with the directions / sub-directions issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the directions / sub-directions issued to us.

For SINGHAL SUNIL & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN 008030N

SINGHAL SUNIL & ASSOCIATES NEW DELHI FRN. 008030N CHARTERED ACCOUNTANTS

CA SUNIL SINGHAL
PARTNER
M. No. 086904

Date : 24.06.2020
Place : New Delhi

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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
BALANCE SHEET AS AT 31st March 2020

(Rs. in Lacs)

	Particulars	Note No.	As at 31st March 2020		As at 31st March 2019	
I.	**ASSETS**					
1	**Non-current assets**					
	(a) Property, Plant and equipment	3	0.30		-	
	(b) Financial Assets					
	- Others	4	25,474.31		13,425.91	
	(c) Deferred Tax Assets (Net)	5	13.76		27.39	
	Total Non-Current Assets			25,488.37		13,453.30
2	**Current Assets**					
	(a) Financial Assets	6				
	(i) Trade Receivables	6.1	792.02		10,099.60	
	(ii) Cash and Cash Equivalents	6.2	219.17		134.24	
	(iii) Others	6.3	16,815.61		1.13	
	(b) Current Tax Assets (Net)	7	678.50		336.73	
	(c) Other Current Assets	8	6,137.11		8,853.34	
	Total Current Assets			24,642.41		19,425.04
	Total Assets		**50,130.78**		**32,878.34**	
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity Share Capital	9	16,405.00		10,405.00	
	(b) Other Equity	10	354.82		277.38	
	Total Equity			16,759.82		10,682.38
2	**Liabilities**					
(i)	**Non-Current Liabilities**					
	(a) Financial Liabilities	11				
	(i) Borrowings	11.1	26,922.00		13,000.00	
	Total Non-Current Liabilities			26,922.00		13,000.00
(ii)	**Current liabilities**					
	(a) Financial Liabilities	12				
	(i) Trade payables	12.1				
	- Micro, Small and Medium Enterprises		-		0.10	
	- Others		2,534.87		5.93	
	(ii) Other Financial Liabilities	13	510.62		141.85	
	(b) Other Current Liabilities	14	3,403.47		9,048.08	
	Total Current Liabilities			6,448.96		9,195.96
	Total Equity and Liabilities		**50,130.78**		**32,878.34**	
III.	Summary of Significant Accounting policies	1 - 2				
IV.	Notes forming part of financial statements	3 - 35				

As per our Report of even date attached

For and on behalf of Board of Directors

	Sd/-	Sd/-	Sd/-
For Singhal Sunil & Associates	Shyam Lal Gupta	Rajendra Singh Yadav	Surajit Dutta
Chartered Accountants	Director	Director	Director
FRN : 008030N	DIN-07598920	DIN-07752915	DIN-06687032
Sd/-	Sd/-	Sd/-	Sd/-
CA Sunil Signhal	Nagangouda Hanumanthgouda Patil	Rachna Tomar	Pooja Rastogi
Partner	Chief Executive Officer	Chief Financial Officer	Company Secretary
M. No. 086904			

Place : New Delhi
Date : 24.06.2020
UDIN: 20086904AAAAHR4699

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2020

(Rs. in Lacs)

	Particulars	**Note No.**	**For the period ended 31st March 2020**	**For the Period ended 31st March 2019**
I.	**Revenue :**			
	Revenue from operations	15	39,283.50	31,270.32
II.	Other income	16	113.66	170.13
III.	**Total Income (I + II)**		39,397.16	31,440.45
IV.	**Expenses:**			
	Project Expenses	17	37,491.30	30,846.31
	Employee benefits expenses	18	33.66	18.74
	Finance costs	19	1,758.40	248.97
	Depreciation, amortization and impairment	20	0.12	-
	Other Expenses	17	1.19	0.50
	Total Expenses (IV).		39,284.67	31,114.52
V.	**Profit Before exceptional items and Tax (III - IV)**		112.49	325.93
VI.	Exceptional items			-
VII.	Profit before tax (V + VI)		112.49	325.93
VIII.	Tax expenses:			
	(1) Current tax			
	- For the Period		21.42	75.69
	- For earlier years (net)		-	-
	(2) Deferred tax (net)		13.63	35.93
	Total Tax Expense		35.05	111.62
IX	**Profit for the period from continuing operation (VII - VIII)**		**77.44**	**214.31**
X	**Other Comprehensive Income**			
	A. (i) Items that will not be reclassified to profit or loss		-	-
	(ii) Income Tax relating to Items that will not be reclassified to profit or loss		-	-
	B. (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income Tax relating to Items that will be reclassified to profit or loss		-	-
			-	-
XI	**Total Comprehensive Income for the period (IX +X) (Comprising profit and other comprehensive income for the year, net of tax)**		**77.44**	**214.31**
XII	Earnings Per Equity Share:			
	(For Continuing Operation)			
	(1) Basic	21	0.06	0.34
	(2) Diluted		0.06	0.34
	Face Value Per Equity Share		10.00	10.00
XIII	Summary of Significant Accounting policies	1 - 2		
XIV	Notes forming part of financial statements	3 - 35		

As per our Report of even date attached

For and on behalf of Board of Directors

For Singhal Sunil & Associates
Chartered Accountants
FRN : 008030N

Sd/-	Sd/-	Sd/-
Shyam Lal Gupta	Rajendra Singh Yadav	Surajit Dutta
Director	Director	Director
DIN-07598920	DIN-07752915	DIN-06687032

Sd/-

CA Sunil Signhal
Partner
M. No. 086904

Sd/-	Sd/-	Sd/-
Nagangouda Hanumanthgouda Patil	Rachna Tomar	Pooja Rastogi
Chief Executive Officer	Chief Financial Officer	Company Secretary

Place : New Delhi
Date : 24.06.2020
UDIN: 20086904AAAAHR4699

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020

(Rs. in Lacs)

Particulars	As at 31st March 2020	As at 31st March 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	112.49	325.93
Adjustment for :		
Interest Income	(454.82)	(326.43)
Depreciation, amortization and impairment	0.12	-
Interest Expenses and Other Finance Cost	2,099.56	405.27
Operating Profit before Current /Non-Current Assets and Liabilities	**1,757.35**	**404.77**
Adjustment for :		
Decrease / (Increase) in Trade Receivables	9,307.58	(10,099.60)
Decrease / (Increase) in Other Non Current Financial Assets	(12,048.40)	(13,180.24)
Decrease / (Increase) in Other Current Financial Assets	(16,813.85)	(1.13)
Decrease / (Increase) in Other Current Assets	2,716.24	(8,852.90)
(Decrease) / Increase in Trade Payables	2,528.84	(233.98)
(Decrease) / Increase in Other Current Financial Liabilities	368.76	140.58
(Decrease) / Increase in Other Current Liabilities	(5,644.60)	9,047.79
Total of Working Capital Changes	**(19,585.43)**	**(23,179.48)**
Cash generated from operation	**(17,828.08)**	**(22,774.71)**
Income Tax Paid(net of refund)	(363.20)	(412.42)
NET CASH FROM OPERATING ACTIVITIES	**(18,191.28)**	**(23,187.13)**
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment including CWIP	-	-
Purchase of Intangible Assets	-	-
Purchase / Proceeds of Property, Plant and Equipment	(0.42)	-
Interest Received	454.19	326.41
Dividend Received	-	-
Investment in Equity Shares	-	10,400.00
NET CASH FROM INVESTING ACTIVITIES	**453.77**	**10,726**
CASH FLOW FROM FINANCING ACTIVITIES		
Loan From IRCON	13,922.00	13,000.00
Equity Shares issued during the year	6,000.00	-
Interest Expenses and Other Finance Cost	(2,099.56)	(405.27)
NET CASH FROM FINANCING ACTIVITIES	**17,822.44**	**12,594.73**
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents	-	-
NET DECREASE IN CASH & CASH EQUIVALENT	**84.93**	**134.01**
CASH AND CASH EQUIVALENT (OPENING)	**134.24**	**0.23**
CASH AND CASH EQUIVALENT (CLOSING) *	**219.17**	**134.24**
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENT	**84.93**	**134.01**

Note: 1. Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

2. Effective April 1,2017, the company has adopted the amendment to Ind-AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosures requirement. The adoption of amendment did not have any material effect on the financial statements.

3. Figures in brackets represent outflow of cash.

4. Figures of the previous year have been regrouped / recasted wherever necessary.

As per our Report of even date attached

For and on behalf of Board of Directors

Sd/-
Shyam Lal Gupta
Director
DIN-07598920

Sd/-
Rajendra Singh Yadav
Director
DIN-07752915

Sd/-
Surajit Dutta
Director
DIN-06687032

For Singhal Sunil & Associates
Chartered Accountants
FRN : 008030N

Sd/-
CA Sunil Signhal
Partner
M. No. 086904

Sd/-
Nagangouda Hanumanthgouda Patil
Chief Executive Officer

Sd/-
Rachna Tomar
Chief Financial Officer

Sd/-
Pooja Rastogi
Company Secretary

Place : New Delhi
Date : 24.06.2020
UDIN: 20086904AAAAHR4699

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
STATEMENT OF CHANGE IN EQUITY AS AT 31st MARCH 2020

A. Equity share capital **(Rs. in Lacs)**

Particulars	"Balance at the beginning of the Reporting Period"	Issued during the year	Shares buy back during the year	Balance at the end of Reporting Period
Balance as at March 31, 2019	5.00	10,400.00	-	10,405.00
Balance as at March 31, 2020	10,405.00	6,000.00	-	16,405.00

B. Other Equity **(Rs. in Lacs)**

Particulars	Reserve & Surplus			Total
	General Reserves	Retained Earnings	Capital Redemption Reserve	
Balance as at April 1, 2018	**-**	**63.07**	**-**	**63.07**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	**-**	**63.07**	**-**	**63.07**
Profit for the year	-	214.31	-	214.31
Other Comprehensive Income	-	-	-	-
Remeasurment of Defined Benefit Plans	-	-	-	-
Foreign Exchange translation difference	-	-	-	-
Total Comprehensive Income for the period	**-**	**214.31**	**-**	**214.31**
Less : Dividends Paid	-	-	-	-
Less : Dividend Distribution Tax	-	-	-	-
Balance as at March 31, 2019	**-**	**277.38**	**-**	**277.38**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	-	**277.38**	-	**277.38**
Profit for the year	-	**77.44**	-	**77.44**
Other Comprehensive Income	-	-	-	-
Remeasurment of Defined Benefit Plans	-	-	-	-
Foreign Exchange translation difference	-	-	-	-
Total Comprehensive Income for the period	-	**77.44**	-	**77.44**
Buy Back of Equity Shares	-	-	-	-
Less : Payment of Fee for increase in Authorised Capital	-	-	-	-
Less : Payment for Buy Back of Shares	-	-	-	-
Less : Dividends Paid	-	-	-	-
Less : Dividend Distribution Tax	-	-	-	-
Less: Bonus Issue	-	-	-	-
Total Comprehensive Income for the period	**-**	**354.82**	**-**	**354.82**

As per our Report of even date attached

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-
Shyam Lal Gupta	Rajendra Singh Yadav	Surajit Dutta
Director	Director	Director
DIN-07598920	DIN-07752915	DIN-06687032

For Singhal Sunil & Associates
Chartered Accountants
FRN : 008030N

Sd/-

CA Sunil Signhal
Partner
M. No. 086904

Sd/-	Sd/-	Sd/-
Nagangouda Hanumanthgouda Patil	Rachna Tomar	Pooja Rastogi
Chief Executive Officer	Chief Financial Officer	Company Secretary

Place : New Delhi
Date : 24.06.2020
UDIN: 20086904AAAAHR4699

1. Corporate Information

Ircon Davanagere Haveri Highway Limited (IDHHL) is a wholly owned subsidiary of Ircon International Limited domiciled in India and is incorporated under the provisions of companies Act 2013 applicable in India. The company came into existence when, Ircon International Limited has been awarded the work of Six-Laning of Davanagere – Haveri from km 260+000 to km 338+923 of NH-48 (Old NH-4) in the state of Karnataka to be executed as Hybrid Annuity Project on DBOT Annuity Pattern under NHDP Phase – V in accordance with the terms and conditions in the agreement with National Highway Authority of India (NHAI) dated 19-06-2017. In pursuant to the provisions of 'Request for Proposal', the selected bidder 'Ircon International Limited' has formed a Special Purpose Vehicle (SPV) named Ircon Davanagere Haveri Highway Limited (IDHHL) as wholly owned subsidiary and incorporated under Companies Act, 2013 on 11th May 2017. Accordingly, SPV has signed the Concession Agreement with NHAI on 19th June 2017. In terms of the said agreement, IDHHL has an obligation to complete construction of the project of Six laning of Davanagere Haveri section and to keep the project assets in proper working condition including all projects assets whose lives have expired. The Project is under Annuity pattern and will be under operation with the IDHHL for 15 years from the Commercial operational Date (COD). The payments of the same, under Annuity model will be payable at the achievement of specific milestone as per the agreement. The registered office of the company located at C-4, District Centre, Saket, and New Delhi - 110017.

The presentation and functional currency of the company is Indian Rupees (INR). Figures in financial statements are presented in lakhs, by rounding off upto two decimals except for per share data and as otherwise stated.

The financial statements are approved for issue by the company's Board of Directors in their meeting held on 24th June 2020.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

The financial statements have been prepared on a going concern basis following accrual system of accounting. The Company has adopted the historical cost basis for assets and liabilities, except for the following assets and liabilities which have been measured at fair value:

- Provisions, where the effect of time value of money is material are measured at present value
- Certain financial assets and liabilities measured at fair value
- Defined benefit plans and other long-term employee benefits

2.2 Summary of significant accounting policies

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements.

2.2.1 Current vs non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.2.2 Property, plant and equipment

Recognition and Initial Measurement

Property, plant and equipment is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of each item can be measured reliably. Property, plant and equipment are initially stated at their cost.

Cost of asset includes

a) Purchase price, net of any trade discount and rebates
b) Borrowing cost if capitalization criteria is met`
c) Cost directly attributable to the acquisition of the assets which incurred in bringing asset to its working condition for the intended use
d) Incidental expenditure during the construction period is capitalized as part of the indirect construction cost to the extent the expenditure is directly related to construction or is incidental thereto.
e) Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.

Freehold land is carried at historical cost.

Subsequent measurement

Property, plant and equipment are subsequently measured at cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent expenditure is capitalized if it is probable that future economic benefits associated with the expenditure will flow to the Company and cost of the expenditure can be measured reliably.

Cost of replacement, major inspection, repair of significant parts and borrowing costs for long-term construction projects are capitalized if the recognition criteria are met.

The machinery spares are capitalized if recognition criteria are met.

Depreciation and useful lives

Depreciation on property, plant and equipment, excluding freehold land is provided on straight line basis over the estimated useful lives of the assets as specified in schedule II of the Companies act, 2013.

Particulars	**Useful lives (Years)**
Building/flats residential/non-residential	60
Plant and Machinery	8-15
Survey instruments	10
Computers	3-6
Office Equipment's	5
Furniture and fixtures	10
Caravans, Camps and temporary shed	3-5

Vehicles	8-10

Depreciation on additions to/deductions from property, plant and equipment during the period is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed

Each part of an item of Property, Plant and Equipment is depreciated separately if the cost of part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of remaining asset.

Property plant and equipment acquired during the period, individually costing up to Rs. 5000/- are fully depreciated, by keeping Re. 1 as token value for identification. However, Mobile phones provided to employees are charged to statement of profit and loss irrespective of its value.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate. "Ordinarily, the residual value of an asset is up to 5% of the original cost of the asset" as specified in Schedule II of the Companies Act, 2013

Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

2.2.3 Capital work in progress

Capital work-in-progress represents expenditure incurred in respect of capital projects and are carried at cost less accumulated impairment loss, if any.

2.2.4 Investment properties

Recognition and initial measurement

Investment Property is recognized when it is probable that future economic benefits associated with the property will flow to the company and the cost of property can be measured reliably._Investment property comprises completed property, property under construction and property held under a lease that is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions. Investment properties are measured initially at cost, including transaction costs.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of other Ind AS.

Subsequent measurement and depreciation

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent cost are added if recognition criteria is met. The Company depreciates building component of investment property on straight line basis over 60 years from the date of original purchase/ completion of construction. Freehold land and property under construction is not depreciated.

Leasehold land acquired on perpetual lease is not amortized.

The residual values, useful lives and methods of depreciation of investment property are reviewed at each financial year end and adjusted prospectively, if appropriate.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in the notes. Fair value determined based on an annual evaluation performed by an accredited external independent valuer applying valuation model acceptable internationally.

Derecognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds if any and the carrying amount of the asset is recognised in statement of profit or loss in the period of derecognition.

2.2.5 Intangible assets

Recognition and initial measurement

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the Company and cost of the asset can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred. Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets underdevelopment"

Subsequent measurement and amortization

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Software cost up to Rs. 1 Lakhs in each case is fully amortized in the period of purchase, by keeping Rs. 1 as token value for identification.

The cost of capitalized software is amortized over a period 36 months from the date of its acquisition.

Amortization on additions to/deductions from Intangible Assets during the period is charged on pro-rata basis from/up to the date on which the asset is available for use/disposed

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted prospectively, if appropriate.

Derecognition

An intangible asset shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds if any and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is de-recognized.

2.2.6 Impairment of non-financial assets

At each reporting date, the Company assesses, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the impairment loss, including impairment on inventories are recognized in the statement of profit and loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior period. Such reversal is recognized in the statement of profit and loss.

2.2.7 Inventories

a) Inventories (including scrap) are valued at the lower of cost and net realisable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First in First out (FIFO) basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

b) Construction work-in-progress is valued at cost till such time the outcome of the job cannot be ascertained reliably and at lower of cost or realizable value thereafter.

c) The initial contract expenses on new projects for mobilization are recognized as construction work-in-progress in the year of incidence, and pro rata charged to statement of profit and loss of the project over the period at the same percentage as the stage of completion of the contract as at the end of reporting period. Site mobilization expenditure to the extent not written off valued at cost.

d) In Cost Plus contracts, where the cost of all materials, spares and stores not reimbursable as per the terms of the contract is shown as inventory valued as per (a) above.

e) Loose tools are expensed in the period of purchase.

2.2.8 Revenue recognition

a) Service Concession Agreement

The Company recognizes and measures revenue from construction and upgrade services in accordance with Ind AS -115 "Revenue from Contracts with Customers".

The Consideration received or receivable by the Company is a right to a financial asset. The Company recognise a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor ("NHAI") for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law.

The Company has an unconditional right to receive cash as the grantor contractually guarantees to pay specified or determinable amounts to the Company, even if payment is contingent on the Company ensuring that the infrastructure meets specified quality or efficiency requirements.

Contract revenue is recognized when the Company satisfies a performance obligation by transferring a promised service to the grantor. The Company's performance creates /enhances an asset that the grantor controls as the asset is created or enhanced hence, the Company transfers control over time, satisfies a performance obligation over time.

The Company recognise revenue for a performance obligation satisfied over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation, However, where the Company is not be able to reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Performance obligation is measured by applying input method. Input methods recognise revenue on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. If the company's efforts or inputs are expended evenly throughout the performance period, the Company is recognizing revenue on a straight-line basis. Expected input is adjusted for liquidated damages/penalties (LD) due to delays arising out of the contractual obligations.

In the contracts where performance obligation cannot be measured by input method, the Company apply the output method which faithfully depict the entity's performance towards complete satisfaction of the performance obligation.

Revenue is measured at the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised service to the grantor. Damages for delay/Penalty, Escalations and Bonus on early completion is evaluated by the Management for variable considerations and adjusted only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

After contract inception, the transaction price can change for various reasons, including the resolution of uncertain events or other changes in circumstances that change the amount of consideration to which the Company expects to be entitled in exchange for the promised goods or services. The Company then allocates to the performance obligations in the contract any subsequent changes in the transaction price on the same basis as at contract inception. Consequently, amounts allocated to a satisfied performance obligation are recognised as revenue, or as a reduction of revenue, in the period in which the transaction price changes.

The Company account for a contract modification as a separate contract on satisfaction of both of the following conditions:

a. the scope of the contract increases because of the addition of promised goods or services that are distinct i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available to the customer (goods or service is capable of being distinct) and the Company's promise to transfer the goods or service to the customer is separately identifiable from other promises in the Contract (goods or service is distinct within the context of the contract).
b. the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If a contract is not accounted as a separate contract, the Company account for the promised goods or services not yet transferred at the date of the contract modification (i.e. the remaining promised goods or services). The amount of consideration is re determined which is the sum of the consideration promised by the customer that had not been recognised as revenue and the consideration promised as part of the contract modification.

A Contract asset or liability is presented in the Balance Sheet when either party performs in a Contract.

A Contract asset reflects the Company's right to consideration in exchange for good or services that the Company has transferred to the customer. Essentially the Company has performed prior to the payment due date. The Conditions attached with this are other than passage of time. If the payment due date is conditioned only by passage of time, the Company present this separately as a receivable.

A Contract liability is booked when the Company has an obligation to transfer goods or services to a customer. In this situation, the Company has either already receive consideration from the customer, or the customer owes consideration and it is unconditional (the customer pays or owes payment before the Company performs).

b) Other income

- Dividend income is recognized when the right to receive payment is established.
- Interest income is recognized using Effective Interest rate method.

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2.2.9 Borrowing cost

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are charged to statement of profit and loss as incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.2.10 Taxes

a) Current income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with relevant tax regulations. Current tax is determined as the tax payable in respect of taxable income for the period and is computed in accordance with relevant tax regulations. Current income tax is recognized in statement of profit and loss except to the extent it relates to items recognised outside profit or loss in which case it is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

b) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in statement of profit and loss except to the extent it relates to items recognised outside profit or loss, in which case is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

2.2.11 Foreign currencies

- Functional and presentation currency

  Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Indian Rupees which is also the functional and presentation currency of the Company.

- Transactions and balances

  Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the reporting date are converted to functional currency using the closing rate (Closing selling rates for liabilities and closing buying rate for assets). Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transactions.

Exchange differences arising on settlement of monetary items, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the period in which they arise. These exchange differences are presented in the statement of profit and loss on net basis.

2.2.12 Employee benefit

a) Short-term employee benefits

Employee benefits such as salaries, short term compensated absences, and Performance Related Pay (PRP) falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and undiscounted amount of such benefits are expensed in the statement of profit and loss in in the period in which the employee renders the related services.

b) Post-employment benefits and Other Long term Employee Benefits

The Post employee benefits & other long term Employee Benefits are provided by Ircon International Limited, the Holding Company, as the employees are on the deputation from the Holding Company.

2.2.13 Cash and cash equivalents

Cash and cash equivalent include cash on hand, cash at banks and short-term deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of unrestricted cash and short-term deposits, as defined above as they are considered an integral part of the Company's cash management.

2.2.14 Dividend

Annual Dividend distribution to the Company's equity shareholders is recognized as liability in the period in which dividend is approved by the shareholders. Any interim dividend is recognized as liability on approval by the Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

2.2.15 Provisions, contingent assets and contingent liabilities

a) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risk and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

b) Onerous contracts

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. If the Company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Company recognises any impairment loss that has occurred on assets dedicated to that contract.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

c) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation or present obligations that may but probably will not, require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

d) Contingent assets

Contingent assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

2.2.16 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

a) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) **Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Leasehold land acquired on perpetual lease is not amortized.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

ii) **Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in financial liabilities

iii) **Short term lease and leases of low value assets**

The Company applies the short-term lease recognition exemption to its short-term leases contracts including lease of residential premises and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

b) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.2.17 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

All Financial assets are recognised initially at fair value plus or minus transaction cost that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit and loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of

principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- **Debt instruments at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income in statement of profit and loss using the EIR method.

- **Debt instruments at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

- **Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss.

Impairment of financial assets

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b. Financial assets that are debt instruments and are measured as at FVTOCI
c. Lease receivables under Ind AS 116

d. Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
e. Loan commitments which are not measured as at FVTPL
f. Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 116

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

- Debt instruments measured at FVTOCI: For debt instruments measured at FVOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the 'accumulated impairment amount"

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized only when the contractual rights to the cash flows from the asset expires or it transfers the financial assets and substantially all risks and rewards of the ownership of the asset.

The difference between the carrying amount and the amount of consideration received / receivable is recognised in the statement of profit and loss.

b) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings other financial liabilities etc.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

The company has not designated any financial liabilities at FVTPL.

- **Financial liabilities at amortized cost**

Loans, borrowings, trade payables and other financial liabilities

After initial recognition, Loans, borrowings, trade payables and other financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

c) Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

d) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

e) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the balance sheet if there is a currently enforceable contractual legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.18 Fair value measurement

The Company measures financial instruments at fair value at each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability
  The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets and liabilities, if any. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Above is the summary of accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

2.2.19 Non – current asset held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn, and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment, investment property and intangible assets are not depreciated or amortized once classified as held for sale. Assets classified as held for sale/distribution are presented separately in the balance sheet.

If the criteria stated by IND AS 105 "Non-current Assets Held for Sale" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognized had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale. The depreciation reversal adjustment related property, plant and equipment, investment property and intangible assets is charged to statement of profit and loss in the period when non-current assets held for sale criteria are no longer met.

2.2.20 Prior Period Adjustment

Errors/omissions discovered in the current year relating to prior periods are treated as immaterial and adjusted during the current year, if all such errors and omissions in aggregate does not exceed 0.50% of total operating revenue as per last audited financial statement of the Company.

2.2.21 Significant accounting estimates and judgments

The estimates used in the preparation of the said financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Company believes to be reasonable under the existing circumstances. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date. Although the Company regularly assesses these estimates, actual results could differ materially from these estimates - even if the assumptions underlying such estimates were reasonable when made, if these results differ from historical experience or other assumptions do not turn out to be substantially accurate. The changes in estimates are recognized in the financial statements in the period in which they become known.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Actual results could differ from these estimates.

a. Allowances for uncollected trade receivables

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amount are based on ageing of the receivables balances and historical experiences. Individual trade receivables are written off when management deems not be collectible.

b. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. There are certain obligations which managements have concluded based on all available facts and circumstances are not probable of payment or difficult to quantify reliably and such obligations are treated as contingent liabilities and disclosed in notes Although there can be no assurance of the final outcome of legal proceedings in which the Company is involved. it is not expected that such contingencies s will have material effect on its financial position of probability.

c. Impairment of financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation., based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

d. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

e. Impairment of non financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model.

f. Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

g. Revenue recognition

The Company recognizes revenue for a performance obligation satisfied over time after reasonably estimating its progress towards complete satisfaction of the performance obligation.
The recognition of revenue requires assessments and judgments to be made on changes in work scope, claims (compensation, rebates etc.) and other payments to the extent performance obligation is satisfied and they are probable and are capable of being reasonably measured. For the purpose of making estimates for claims, the company used the available contractual and historical information.

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
Notes to the Financial Statements for the period ended 31st March 2020

3 Property, Plant and Equipment

(Rs. in Lacs)

Particulars	Computers	Total
Gross Carrying Amount (At Cost)		
At 1 April 2018	**-**	**-**
Additions	-	-
Disposals/Adjustments	-	-
Exchange Gain/ Loss	-	-
At 31 March 2019	**-**	**-**
Additions	0.42	0.42
Disposals/Adjustments	-	-
Exchange Gain/ Loss	-	-
At 31 March 2020	**0.42**	**0.42**
Depreciation and impairment		
At 1 April 2018	**-**	**-**
Depreciation charge for the year		-
Impairment	-	-
Disposals/Adjustments	-	-
Exchange Gain/ Loss	-	-
At 31 March 2019	**-**	**-**
Depreciation charge for the year	0.12	0.12
Impairment	-	-
Disposals/Adjustments	-	-
Exchange Gain/ Loss	-	-
At 31 March 2020	**0.12**	**0.12**
Net book value		
At 31 March 2020	**0.30**	**0.30**
At 31 March 2019	**-**	**-**

4 Other Financial Assets

(Rs. in Lacs)

Particulars	Foot Note	31 March 2020	31 March 2019
Contract Assets Considered Good			
Financial Asset- Construction Contract	1	25,474.31	13,425.91
Total - Other Financial Assets		**25,474.31**	**13,425.91**

Foot Notes:-

1. Financial Assets - Construction contract is the Highway being made by IDHHL under Hybrid Annuity Model (HAM) (Refer Note 23)

5 **Deferred Tax Assets and Income Tax**

Disclosure pursuant to Ind AS 12 “Income Taxes”

(a) The major components of income tax expense for the year ended 31 March 2020 and 31 March 2019 are :

(Rs. in Lacs)

S.No.	Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
1	**Profit and Loss Section**		
	Current income tax :		
	Current income tax charge	21.42	75.69
	Adjustment in respect of current tax of previous year	-	-
	Deferred tax :		
	Relating to origination and reversal of temporary differences	13.63	35.93
	Income tax expense reported in the Profit and Loss section	**35.05**	**111.62**
2	**Other Comprehensive Income (OCI) Section**		
	Income tax related to items recognised in OCI during the year:		
	Net loss/(gain) on remeasurements of defined benefit plans	-	-
	Net loss/(gain) on foreign operation translation	-	-
	Income tax expense reported in the OCI section	**-**	**-**

(b) Reconciliation of tax expense and the accounting profit multiplied by India’s domestic tax rate for 31 March 2020 and 31 March 2019:

(Rs. in Lacs)

S.No.	Particulars	For the Year ended 31st March 2020	For the Year ended 31st March 2019
1	Accounting profit before income tax	112.49	325.94
2	Corporate tax rate as per Income tax Act, 1961	25.168%	27.821%
3	Tax on Accounting profit (3) = (1) * (2)	28.31	90.68
4	Effect of Tax Adjustments:		
(i)	Adjustments in respect of current income tax of previous years	-	-
(ii)	Utilisation of previously unrecognised tax losses	-	-
(iii)	Impact of Rate Difference	-	-
(iv)	Tax on Income exempt from tax	-	-
(v)	Non-deductible expenses for tax purposes:	-	-
	-Other country additional tax	-	-
	-Other non-deductible expenses	-	-
(vi)	Tax effect of various other items	6.74	20.94
5	**Income tax expense reported in the Statement of Profit and Loss**	**35.05**	**111.62**
6	Effective Tax Rate	31.16%	34.25%

(c) Components of deferred tax (assets) and liabilities recognised in the Balance Sheet and Statement of Profit or Loss

(Rs. in Lacs)

S.No.	Particulars	Balance sheet 31st March 2020	Balance sheet 31st March 2019	Statement of profit or loss 31st March 2020	Statement of profit or loss 31st March 2019
1	Property, Plant & Equipment (including intangible): Difference in book depreciation and income tax depreciation	(0.01)	-	(0.01)	-
2	Provisions	-	-	-	-
3	Items disallowed u/s 43B of Income Tax Act, 1961	-	-	-	-
4	Impact of expenditure charged to the statement of profit and loss in the current year and earlier years but allowable for tax purposes on payment basis	-	-	-	-
5	Fair valuation of financial instruments	-	-	-	-
6	Unutilised gain/loss on FVTOCI equity securities and FVTPL Mutual funds	-	-	-	-
7	Others	13.77	27.39	(13.62)	(35.93)
	Net deferred tax assets/(liabilities)	**13.76**	**27.39**	**(13.63)**	**(35.93)**

(d) Reflected in the balance sheet as follows:

(Rs. in Lacs)

S.No.	Particulars	31st March 2020	31st March 2019
1	Deferred tax assets	13.77	27.39
2	Deferred tax liability	(0.01)	-
	Deferred Tax Asset/(Liabilities) (Net)	**13.76**	**27.39**

Note: Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing laws.

(e) Reconciliation of deferred tax (liabilities)/assets:

As at 31 March 2020 **(Rs. in Lacs)**

S.No.	Particulars	Balance As at 1st April 2019 (Net)	Recognised in statement of profit and loss	Recognised in OCI	Balance As at 31st March, 2020 (Net)
1	Property, Plant & Equipment (including intangible): Difference in book depreciation and income tax depreciation	-	(0.01)	-	**(0.01)**
2	Provisions	-	-	-	-
3	Items disallowed u/s 43B of Income Tax Act, 1961	-	-	-	-
4	Impact of expenditure charged to the statement of profit and loss in the current year and earlier years but allowable for tax purposes on payment basis	-	-	-	-
5	Fair valuation of financial instruments	-	-	-	-
6	Unutilised gain/loss on FVTOCI equity securities and FVTPL Mutual funds	-	-	-	-
7	Others- Pre incorporation Expenditure	27.39	(13.62)	-	**13.77**
	Net deferred tax assets/(liabilities)	**27.39**	**(13.63)**	**-**	**13.76**

As at 31 March 2019 **(Rs. in Lacs)**

S.No.	Particulars	Balance As at 1st April 2018 (Net)	Recognised in statement of profit and loss	Recognised in OCI	Balance As at 31st March, 2019 (Net)
1	Property, Plant & Equipment (including intangible): Difference in book depreciation and income tax depreciation	-	-	-	-
2	Provisions	-	-	-	-
3	Items disallowed u/s 43B of Income Tax Act, 1961	-	-	-	-
4	Impact of expenditure charged to the statement of profit and loss in the current year and earlier years but allowable for tax purposes on payment basis	-	-	-	-
5	Fair valuation of financial instruments	-	-	-	-
6	Unutilised gain/loss on FVTOCI equity securities and FVTPL Mutual funds	-	-	-	-
7	Others- Pre incorporation Expenditure	63.32	(35.93)	-	**27.39**
	Net deferred tax assets/(liabilities)	**63.32**	**(35.93)**	**-**	**27.39**

Financial Assets

6.1 Trade Receivables

(Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
Unsecured : considered good		
- Trade receivables * (Refer Note no. 23)	792.02	10,099.60
Considered Doubtful		
- Trade receivables	-	-
	-	-
Less : Impairment allowances for doubtful debts	-	-
Total	**792.02**	**10,099.60**

6.2 Cash and Cash equivalents (Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
Cash in hand	-	-
Balances with banks:		
– On current accounts	1.67	0.74
– Flexi Deposits with original maturity of less than 3 months	217.50	133.50
Total	**219.17**	**134.24**

6.3 Other Financial Assets (Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
a) Considered Good		
Security Deposits		
- Others	0.63	0.63
Interest Accrued on FDR	0.65	0.03
Other Recoverable	0.04	0.47
Contract Assets:		
Financial Asset- Construction Contract	16,814.29	-
Total - Other Financial Assets - Good	**16,815.61**	**1.13**
b) Considered Doubtful		
Security Deposits		
- Government Departments	-	-
- Others	-	-
Total - Other Financial Assets - Doubtful	**-**	**-**
Grand Total - Other Financial Others	**16,815.61**	**1.13**

Foot Notes:-

Financial Assets - Construction contract is the Highway being made by IDHHL under Hybrid Annuity Model (HAM) (Refer Note 23)

7 Current Tax Assets (Net)

(Rs. in Lacs)

Particulars	Foot Note	31 March 2020	31 March 2019
Taxes Paid including TDS & Advance Tax (Net of Provision for Tax)		678.50	336.73
Current tax Assets (Net)		**678.50**	**336.73**

8 Other Current Assets

(Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
Unsecured : considered good		
a) Advances Other than Capital Advances		
Advances to Contractors against material and machinery	-	-
Advances to Contractors, Suppliers and Others - Related Party	1,382.53	7,269.00
Advance Recoverable from:		
- Goods & Services Tax	4,736.59	1,515.89
Total - Advances Other than Capital Advances	**6,119.12**	**8,784.89**
b) Others		
Prepaid Expenses	17.99	20.47
Total - Others	**17.99**	**20.47**
c) Interest Accrued but not due		
On Mobilisation advance to IRCON	-	47.98
Total - Interest Accrued but not due	**-**	**-**
Grand Total	**6,137.11**	**8,853.34**

9 Equity Share capital **(Rs. in Lacs)**

Particulars	31 March 2020	31 March 2019
Authorised share capital		
21,70,50,000 Equity shares of Rs.10 each	21,705.00	21,705.00
	21,705.00	21,705.00
Issued/Subscribed and Paid up Capital		
16,40,50,000 Equity shares of Rs 10 each-fully paid	16,405.00	10,405.00
Total	16,405.00	10,405.00

Details of shareholders holding in the company

Name of the shareholder	31 March 2020		31 March 2019	
	No. of Share	% holding in the class	No. of Share	% holding in the class
Ircon International Limited- Holding Company (IRCON)	164,050,000	**100**	104,050,000	**100**
Total	**164,050,000**	**100**	**104,050,000**	**100**

Aggregate no. of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Particulars	31 March 2020	31 March 2019	31 March 2018	31 March 2017	As at 31 March 2016
	No. of Share	No. of Share	No. of Share	No. of Share	No. of Share
Equity shares allotted other than cash	-	-	-	-	-
Equity shares issued as bonus shares	-	-	-	-	-
Equity shares Buy Back	-	-	-	-	-
Total	-	-	-	-	-

Terms / Rights attached to Equity Shares :

(a) Voting :
The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity share is entitled to one vote per share.

(b) Liquidation :
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 the shareholders.

(c) Dividend :

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting

Reconciliation of the number of equity shares and share capital outstanding at the beginning and at the end of the year

(Rs. in Lacs)

Particulars	31 March 2020		31 March 2019	
	No of shares	Rs in Lacs	No of shares	Rs in Lacs
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	104,050,000	10,405.00	50,000	5.00
Add: Shares Issued during the year	60,000,000	6,000.00	104,000,000	10,400.00
Less: Shares Buy Back during the year			-	
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	**164,050,000**	**16,405.00**	**104,050,000**	**10,405.00**

10 Other Equity

(Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
(a) Retained Earnings		
Opening Balance	277.38	63.07
Add: Transfer from surplus in statement of profit and loss	77.44	214.31
Less: Dividend declared and paid during the year including Corporate Dividend Tax		-
Closing Balance	**354.82**	**277.38**
(b) General Reserve		
Opening Balance		-
Closing Balance	-	-
(c) Capital Redemption Reserve		
Opening Balance		-
Add: Transfer for Buy Back of Equity Shares		-
Closing Balance	-	-
(d) Items of other comprehensive income		
Opening Balance		-
Foreign Currency Translation (net of tax)		-
Closing Balance	-	-
Grand Total	**354.82**	**277.38**

Nature and Purpose of Other Reserves:

(a) Retained Earnings

Retained Earnings represents the undistributed profits of the Company.

11 Financial Liabilities (Non Current)

11.1 Borrowings

(Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
Secured:		
Loan from Holding Company(Ircon International Limited)*	26,922.00	13,000.00
Total	**26,922.00**	**13,000.00**

Notes :
*** Terms & Conditions of Loans**
Rate of Interest :

(i) The Company will pay Interest rate to be charged on loan shall be at SBI MCLR rate prevailing from time to time plus 0.50%.

(ii) Duration of the Loan Disbursement would be a period of 30 month from the date of signing this agreement.

(iii) Term loan shall be repaid in 10.5 years starting from 1 April 2021.

(iv) Interest shall be paid on monthly basis on the last day of each month.

(v) The loan shall be disbursed in tranches as per the requirement of the borrower

(vi) Actual time taken in construction of the project shall be moratorium period subject to the condition that moratorium period shall not exceed 5 years from the date of signing of this agreement.

(vii) The loan shall be secured by-

(a) A first mortgage & charged on all borrower's immovable properties , both present and future save and except the project assets

(b) A first charge on all borrower's tangible moveable asset

(c.) A first charge over all bank accounts of the borrower

(d) Same being applied to the extent of waterfall of priority of payment as specified in article 25 of concession agreement and article 4 of escrow agreement and not beyond that

(e) A charge on all intangibles of the borrower

(f) A charge by way of creation of secured interest over:

(i) The right ,title,interest ,benefits,claims and demands of the borrower,in to and under the project documents

(ii) The right ,title,interest ,benefits,claims and demands of the borrower,in to and under all approvals and insurance contracts

(iii) The right ,title,interest ,benefits,claims and demands of the borrower,in to and under any letter of credit,gurantees including contractor gurantees and liquidated damages and performance bond provided by the any party to the project documents.

12 Financial Liabilities (Current)

12.1 Trade Payables

(Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
Micro, Small & Medium Enterprises (Refer Note no. 31)	-	0.10
Others:		
(a) Contractor & Suppliers	0.16	1.27
(b) Related Parties	2,534.71	4.66
Total	**2,534.87**	**6.03**

13 Other Financial Liabilities

(Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
Interest Payable on Advance from Client	447.71	140.66
Other Payables (including Staff Payable)	62.91	1.19
Total	**510.62**	**141.85**

14 Other Current Liabilities

(Rs. in Lacs)

Particulars	31 March 2020	31 March 2019
a) Contract Liability		
Advance from clients	2,942.50	8,827.50
		-
b) Others		-
Statutory dues	460.97	220.58
Total	**3,403.47**	**9,048.08**

Note

a) Statutory dues includes liability for Goods and Service Tax (GST) and other statutory dues.

15 Revenue from operations

(Rs. in Lacs)

Particulars	For the period ended 31st March 2020	For the period ended 31st March 2019
Construction Contract revenue under SCA (Refer Note 23)	39,283.50	31,270.32
Total	**39,283.50**	**31,270.32**

16 Other Income (Rs. in Lacs)

Particulars	For the period ended 31st March 2020		For the period ended 31st March 2019	
Interest Income :				
Interest income earned on mobilisation advances	416.05		290.24	
Less:- Interest cost on mobilisation advance from clients	(341.16)	74.89	(156.30)	133.94
Bank Interest Gross		38.77		36.19
Total		**113.66**		**170.13**

17 Project and Other Expenses

(Rs. in Lacs)

Particulars	Project Expenses		Other Expenses	
	For the year ended 31st March 2020	For the year ended 31st March 2019	For the year ended 31st March 2020	For the year ended 31st March 2019
Work Expenses	37,185.90	30,636.58	-	-
Inspection, Geo Technical Investigation & Survey Exp. Etc.	251.07	167.13	-	-
Rent - Non-residential	2.73	2.29	-	-
Rates and Taxes	-	0.41	-	-
Insurance	31.89	30.15	-	-
Travelling & conveyance	0.36	0.92	-	-
Printing & stationery	0.24	0.22	-	-
Legal & Professional charges	19.07	8.61	0.24	-
Auditors remuneration	-	-	0.95	0.50
Miscellaneous expenses	0.04	-	-	-
Total	**37,491.30**	**30,846.31**	**1.19**	**0.50**

(i) Payment to Statutory Auditors: (Rs. in Lacs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Audit Fee - current year	0.80	0.40
(b) Tax Audit Fees - current year	0.15	0.07
(c) Certification Fees	-	0.03
Total	**0.95**	**0.50**

18 Employee Remuneration and Benefits (Rs. in Lacs)

Particulars	For the year ended			For the year ended		
	Operating	Other (Administrative)	Total	Operating	Other (Administrative)	Total
Salaries, wages and bonus	28.71	-	28.71	17.44	-	17.44
Contribution to provident and other funds	2.69	-	2.69	0.39	-	0.39
Retirement Benefits	2.26	-	2.26	0.91	-	0.91
Total	**33.66**	**-**	**33.66**	**18.74**	**-**	**18.74**

19 Finance Cost (Rs. in Lacs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Interest Expense (Loan from IRCON)	1,751.41	240.19
Other Borrowing Cost	-	-
Bank Guarantee & Other Charges	6.99	8.78
Interest Expenses on Other Financial Liabilities (Mob advance from Client)	-	-
Total	**1,758.40**	**248.97**

20 Depreciation, amortization and impairment

(Rs. in Lacs)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Property, Plant and equipment	0.12	-
Total	**0.12**	**-**

21 Earnings Per Share

Disclosure as per Ind AS 33 'Earnings per share'

Basic EPS is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit for the year attributable to the equity holders after considering the effect of dilution by weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

(i) Basic and diluted earnings per share (in Rs.)

Particulars	Note	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit attributable to Equity holders (Rs. in lacs)	(ii)	77.44	214.31
Weighted average number of equity shares for Basic and Diluted EPS	(iii)	1369	638
Earnings per share (Basic)		0.06	0.34
Earnings per share (Diluted)		0.06	0.34
Face value per share			

(ii) Profit attributable to equity shareholders (used as numerator) (Rs. in lacs) **(Rs. in Lacs)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit for the year as per Statement of Profit and Loss	77.44	214.31
Profit attributable to Equity holders of the company used for computing EPS:	**77.44**	**214.31**

(iii) Weighted average number of equity shares (used as denominator) (Nos.) **(Rs. in Lacs)**

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening balance of issued equity shares	1,040.50	0.50
Equity shares issued during the year	328.77	637.59
Weighted average number of equity shares for computing Basic EPS	**1,369.27**	**638.09**
Dilution Effect:		
Add: Weighted average numbers of potential equity shares outstanding during the year		-
Weighted average number of equity shares for computing Diluted EPS	**1,369.27**	**638.09**

22 Details of Related Party Transactions during the year

a) Key management personnel:

(i) Directors from IRCON Mr. Ashok Kumar Goyal (w.e.f. 11th May 2017), Mr Surajit Dutta (w.e.f 5th Sep, 2019), Mr.Shyam Lal Gupta (w.e.f 1st November, 2019), Mr Rajendra Singh Yadav (w.e.f 27th January, 2020), Mr Basant kumar (w.e.f 19th Sep, 2019).

(ii) Others : Mr. Nagangouda Hanumanthgouda Patil, Chief Executive Officer (w.e.f 18th July, 2018), Ms. Rachna tomar, Chief Financial Officer (w.e.f 31st March, 2020) and Ms. Pooja Rastogi, Company Secretary (w.e.f 1st April, 2019)

(b) Remuneration to Key management personnel are as under: **(Rs. in Lacs)**

S.No.	Particulars	During the Period upto 31-03.2020	During the Period upto 31-03.2019
1	Short term employee benefits	28.71	17.44
2	Post employment benefits	2.69	0.39
3	Sitting fee	-	-
4	Other long-term employee benefits	2.26	0.91
TOTAL		**33.66**	**18.74**

(c) Details of Related Party Transactions during the year **(Rs. in Lacs)**

Name of Related Party	Particular	Transactions (Rs.)		Outstanding Amount	
		During the Period upto 31.03.2020	During the Period upto 31.03.2019	As at 31st March 2020	As at 31st March 2019
Ircon International Limited (Holding company)	Investment in Equity	6,000.00	10,400.00	16,405.00	10,405.00
	Loans	13,922.00	13,000.00	26,922.00	13,000.00
	Other Payables	2,534.71	4.66	2,534.71	4.66
	Other receivables	1,382.53	7,316.98	1,382.53	7,316.98
	Rendering of services				
	Works Contract	37,185.90	30,636.58	-	-
	Rent	2.73	2.29	-	-
	Interest on Loan - Expenses	1,751.41	240.19	-	-
	Interest On Mobilization Advance- Income	416.05	290.24		
	Reimbursement of Expenses	13.34	19.12	-	-

23 Service Concession Arrangements

Public to private service concession arrangements are recorded in accordance with Appendix "C"- Service Concession Arrangements (Ind AS-115). Appendix "C" is applicable if:

a) The Grantor controls or regulates which services the operator should provide with the infrastructure, to whom it must provide them, and at what price; and

b) The Grantor controls- through ownership, beneficial entitlement, or otherwise- any significant residual interest in the infrastructure at the end of the term of the arrangement.

If both of the above conditions are met simultaneously, a financial asset is recognized to the extent that the operator has an unconditional contractual right to receive cash or other financial asset from or at the discretion of the Grantor for the service.

These financial assets are initially recognized at cost, which is understood as the fair value of the service provided plus other direct costs directly attributable to the operation. They are then stated at amortized cost at the end of each financial year.

Ircon Davanagere Haveri Highway Limited (IDHHL) has entered into service concession arrangement with National Highway Authority of India (NHAI) dated 19-06-2017. in terms of which NHAI (the grantor) has authorized the company for development, maintenance and management of National Highway No. 48 (Old NH-4) including the section from Km 260.00 to Km 338.923 (approx. 78.923 Km) on Davanagere - Haveri Section of National Highway No. 48 (Old NH-4) in the State of Karnataka by six-laning thereof on design, build, finance, operate and transfer basis . In terms of the said agreement IDHHL has an obligation to complete construction of the project of Six laning of Davanagere Haveri section and to keep the project assets in proper working condition including all projects assets whose lives have expired. The Project is under Annuity pattern.

The Concession period shall be 15 years commencing from the appointed date. At the end of the concession period, the assets will be transferred back to National Highway Authority of India (NHAI).

In case of material breach in terms of agreement the NHAI and IrconDHHL have right to terminate the agreement if they are not able to cure the event of default in accordance with such agreement.

Company has recognized financial asset of Rs.42288.60 Lakhs under service concession agreement upto the period ended 31st March 2020 after taking into account the receivables due from NHAI on completion of milestone as per terms of the contract. The company has recognised revenue of Rs 39283.50 Lacs for the period upto 31st March 2020 on construction of Road under SCA as per Ind AS - 115 related to "Revenue from Customers". The company has recognized receivable under service concession arrangement and shown under Other Financial current Assets which it will receive as per terms of the contract based on the completion of milestone, as on 31st March 2020.

Disclosure in terms of Appendix D of Ind AS 115

In terms of the disclosure required in Appendix D in Ind AS -115 Revenue from Customers, as notified in the companies (Indian Accounting Standard) rules 2016, the amount considered in the financial statements up to the balance sheet date are as follows:-

(Rs. in Lacs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Contract Revenue Recognized	39,283.50	31,270.32
Aggregate amount of cost incurred	39,283.50	31,270.32
Amount of advance received from Client	2,942.50	8,827.50
Amount of retention by Client	-	-
Profit/(Loss) recognised during the period for exchange of construction service for a financial asset	-	-
Gross amount due from Client for Contract Works	792.02	10,099.60

24 A. Fair Value Measurements
(i) Category wise classification of Financial Instruments

Financial assets and financial liabilities are measured at fair value in these financial statement and are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

a)The carrying values and fair values of financial instruments by categories as at 31 March, 2020 are as follows:

(Rs. in Lacs)

Particulars	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss ('FVTPL')				
Investment in Mutual Funds	-	-	-	-
Total				
Financial Assets at Amortized Cost				
(i) Investments	-	-	-	-
Investments in Tax Free Bonds	-	-	-	-
(ii) Loans	-	-	-	-
(iii) Other Financial Assets	42,289.92	-	-	42,289.92
Total	**42,289.92**	**-**	**-**	**42,289.92**

(Rs. in Lacs)

Particulars	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
Financial Liabilities at Amortized Cost				
(i) Borrowings	26,922.00	-	-	26,922.00
(ii) Other Financial Liabilities	510.62	-	-	510.62
Total	**27,432.62**	**-**	**-**	**27,432.62**

b) The carrying values and fair values of financial instruments by categories as at 31 March, 2019 are as follows:

(Rs. in Lacs)

Particulars	Carrying Value	Fair Value Level 1	Level 2	Level 3
Financial Assets at Fair Value Through Profit and Loss ('FVTPL')				
Investment in Mutual Funds	-	-	-	-
Total	**-**	**-**	**-**	**-**
Financial Assets at Amortized Cost				
(i) Investments	-	-	-	-
Investments in Tax Free Bonds	-	-	-	-
(ii) Loans	-	-	-	-
(iii) Other Financial Assets	13,427.04	-	-	13,427.04
Total	**13,427.04**	**-**	**-**	**13,427.04**

(Rs. in Lacs)

Particulars	Carrying Value	Fair Value Level 1	Level 2	Level 3
Financial Liabilities at Amortized Cost				
(i) Borrowings	13,000.00	-	-	13,000.00
(ii) Other Financial Liabilities	141.85	-	-	141.85
Total	**13,141.85**			**13,141.85**

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties.The following methods and assumptions were used to estimate the fair values:

i) The fair value of investments in mutual fund units is based on the Net Asset Value (‘NAV’) as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

(ii) Long term variable rate borrowings are evaluated by company on parameters such as interest rates, specific country risk factors and other risk factors. Based on this evaluation the fair value of such payables are not materially different from their carrying amount.

* During the financial year 2019-20 and 2018-19, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

B. Financial Risk Management

The Company’s principal financial liabilities borrowing and other financial liabilities. The Company’s principal financial assets include cash and cash equivalents and recoverable from NHAI that derive directly from its operations. The Company's activities expose it to some of the financial risks: market risk, credit risk and liquidity risk.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices. Market risk comprises Foreign currency risk and Interest rate risk. Financial instruments affected by market risk includes borrowings, trade receivables, trade payable and other non derivative financial instruments.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of change in market interest rate. The company manages its interest risk in accordance with the companies policies and risk objective. Financial instruments affected by interest rate risk includes deposits with banks. Interest rate risk on these financial instruments are very low as interest rate is fixed for the period of financial instruments.

b) Credit Risk

The Company's customer is NHAI under Ministry of Road Transport and Highways. Accordingly, the Company's customer credit risk is low. The Company's average project execution cycle is around 24 to 36 months. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 60 days and certain retention money to be released at the end of the project. In some cases retentions are substituted with bank / corporate guarantees. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

Trade and other receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposure to Credit Risk

(Rs. in Lacs)

Particulars	31/03/2020	31/03/2019
Financial Assets for which allowance is measured using Lifetime Expected Credit Losses (LECL)		
Non Current Loans	-	-
Other Non Current Financial Assets	25,474.31	13,425.91
Current Investments	-	-
Cash and Cash Equivalents	219.17	134.24
Other Bank Balances	-	-
Current Loans	-	-
Other Current Financial Assets	16,815.61	1.13
Financial Assets for which allowance is measured using Simplified Approach		
Trade Receivables	792.02	10,099.60
Contract Assets	-	-

Summary of change in loss allowances measured using Simplified approach

Particulars	31/03/2020	31/03/2019
Opening Allowances	-	-
Provided during the year	-	-
Utilization during the year	-	-
Amount written-off	-	-
Closing Allowances	-	-

During the year, the Company has recognised loss allowance of Rs. Nil Lakhs (31 March, 2019 : Rs. Nil Lakhs).

Summary of change in loss allowances measured using Lifetime Expected Credit Losses (LECL) approach

Particulars	31/03/2020	31/03/2019
Opening Allowances	**-**	**-**
Provided during the year	-	-
Utilization during the year	-	-
Amount written-off	-	-
(Exchange Gain) / Loss	-	-
Closing Allowances	**-**	**-**

No significant changes in estimation techniques or assumptions were made during the reporting period.
During the year, the Company has recognised loss allowance of Rs. Nil Lakhs (31 March, 2019 : Rs. Nil Lakhs).

c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. The treasury department regularly monitors the position of Cash and Cash Equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

The Company's investment policy and strategy are focused on preservation of capital and supporting the Company's liquidity requirements. The senior Management of the Company oversees its investment strategy and achieve its investment objectives. The policy requires investments generally to be investment grade, with the primary objective of minimising the potential risk of principal loss.

The table below provides details regarding the significant financial liabilities as at 31 March 2020 and 31 March 2019

(Rs. in Lacs)

Particulars	**As on 31 March, 2020**		
	Less than 1 Year	**1-2 years**	**2 Years and above**
Borrowings	-	505.00	26,417.00
Trade payables			
Other financial liabilities			

(Rs. in Lacs)

Particulars	**As on 31 March, 2019**		
	Less than 1 Year	**1-2 years**	**2 Years and above**
Borrowings	-	-	13,000.00
Trade payables	-	-	-
Other financial liabilities	-	-	-

d) Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The following table gives details in respect of revenues generated from top five projects.

Particulars	For the year ended	
	31/03/2020	**31/03/2019**
Revenue from top 5 Projects	39,283.50	31,270.32
	39,283.50	**31,270.32**

C. Capital Management

The Company objective to manage its capital in a manner to ensure and safeguard their ability to continue as a going concern so that the Company can continue to provide maximum returns to shareholders and benefit to other stakeholders. The Company has paid dividend as per the guidelines issued by Department of Investment and Public Asset Management (DIPAM) as follows :-

Dividends :- **(Rs. in Lacs)**

Particulars	**31-Mar-20**	**31-Mar-19**
Dividend Paid	-	-
Total	**-**	**-**

Further, the Company manages its capital structure to make adjustments in light of changes in economic conditions and the requirements of the financial covenants.

Company has taken a term loan during the FY 2019-20 Rs 26,922 Lacs (Previous Year Rs 13,000 Lacs) from its holding company to finance its project.

Debt Equity Ratio :- **(Rs. in Lacs)**

Particulars	**31-Mar-20**	**31-Mar-19**
Borrowings (Note No. 11)	26,922.00	13,000.00
Long Term Debt	**26,922.00**	**13,000.00**
Equity (Note No. 9)	16,405.00	10,405.00
Other Equity (Note No. 10)	354.82	277.38
Total Equity	**16,759.82**	**10,682.38**
Debt Equity Ratio	**1.61**	**1.22**

25 Contingent liabilities and Contingent Assets:

(I) Contingent Liabilities:

(a) Claims against the company not acknowledge as debt: Rs. NIL (Previous Year NIL).
(b) Guarantees excluding financial guarantee:Nil (Previous Year Rs.5885.00 Lacs)

(II) Contingent Assets: Rs. NIL (Previous Year NIL).

26 I. Commitments:
a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is Rs. 41850.30 Lacs. (Previous Year Rs. 75431.37 Lacs).

b) Other Commitments: Rs. NIL (Previous Year NIL).

II. Segment Reporting:

Operating segments are defined as components of an enterprise for which discrete financial information is available which is being evaluated regularly by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and assessing performance. The Board of Directors of the Company is the Chief Operating Decision Maker (CODM). The operating segments have been reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) for review of performance and allocating resources.

The Company has determined reportable operating segments from geographical perspective.

The Company is operating only in India, which is considered as a single geographical segment, hence segment reporting is not required.

III. Interest in other Entities: Rs. NIL (Previous Year NIL).

27 .Disclosure regarding Leases:

A. As A Lessee

The Company’s leasing arrangements are in respect of premises for residential use of employees and its head office. This leasing arrangements are cancellable and are usually renewable on mutually agreed terms, therefore its is covered in short term leases as per the Ind AS-116 and company is showing its rental expenses under the other expenses in the Note-17. The amounts of lease payments during the year are as under:

(a) Lease payments (net of recoveries) in respect of premises for residential use of employees – Rs. NIL (Previous Year NIL).
(b) Lease payments in respect of office premises –Rs. 2.73 Lakhs (Previous Year Rs. 2.29 Lakhs) (included in Project expenses & Other expenses note 17).

B. As a Lessor: Rs. NIL (Previous Year NIL).

28 Impairment of assets

In compliance of Ind AS 36 "Impairment of Assets", the Company has reviewed the assets at year-end for indication of impairment loss, if any, as per the accounting policy of the Company. As there is no indication of impairment, no impairment loss has been recognised during the year.

29 Employee Benefits

The Person working for Ircon Davanager Haveri Highway Limited are posted on nomination/secondment basis from Ircon International Limited (Holding Company)

The provision for retirement benefit of nominated employees in terms of Ind AS-19 is being made by its holding company as per accounting policy.

Provident fund contribution of the employees on nomination /secondment has been regularly deposited by the holding company with its PF Trust.

30 Revenue from contract with customers as per Ind AS-115

A. Disaggregation of Revenue

Set out below is the disaggregation of the Company's revenue from contracts with customers into operating segment and type of product or services:

(Rs. in Lacs)

Type of Product or Services	For the year ended March 31, 2020						
	Revenue as per Ind AS 115			Method for measuring performance obligation		Other Revenue	Total as per Statement of Profit and Loss
	Domestic	Foreign	Total	Input Method	Output Method		
Railways	-	-	-	-	-	-	-
Highway	39,283.50	-	**39,283.50**	39,283.50	-	-	**39,283.50**
Electrical	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**39,283.50**	**-**	**39,283.50**	**39,283.50**	**-**	**-**	**39,283.50**

Out of the total revenue recognised under Ind AS 115 during the year, Rs 39,283.78.lacs is recognised over a period of time and Rs Nil lacs recognised point in time.

(Rs. in Lacs)

Type of Product or Services	For the year ended March 31, 2019						
	Revenue as per Ind AS 115			Method for measuring performance obligation		Other Revenue	Total as per Statement of Profit and Loss
	Domestic	Foreign	Total	Input Method	Output Method		
Railways	-	-	-	-	-	-	-
Highway	31,270.32		**31,270.32**	31,270.32	-	-	**31,270.32**
Electrical	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total	**31,270.32**	**-**	**31,270.32**	**31,270.32**	**-**	**-**	**31,270.32**

Out of the total revenue recognised under Ind AS 115 during the year, Rs 31,270.32.lacs is recognised over a period of time and Rs Nil lacs recognised point in time.

B. The Company has applied modified retrospective approach for the application of Ind AS 115 "Revenue from contracts with customers" and the effect is Nil on retained earnings as at April 1, 2018.

C. Contract balances

(Rs. in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivables (Note 6)	792.02	10,099.60
Contract Assets (Note 4 & 6)	42,288.60	13,425.91
Contract Liabilities (Note 14)	2,942.50	8,827.50

(i) Trade receivables are non-interest bearing and the customer profile is National Highway Authority of India. The Company’s average project execution cycle is around 24 to 36 months. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 60 days.

(ii) Contract Assets are recognised over the period in which services are performed to represent the Company's right to consideration in exchange for goods or services transferred to the customer. It includes balances due from customers under construction contracts that arise when the Company receives payments from customers as per terms of the contracts however the revenue is recognised over the period under input method. Any amount previously recognised as a contract asset is reclassified to trade receivables on satisfaction of the condition attached i.e. future service which is necessary to achieve the billing milestone.

Movement in contract balances during the year

(Rs. in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contract asset at the Beginning of the year	13,425.91	245.67
Contract asset at the end of the year	42,288.60	13,425.91
Net increase/decrease	**28,862.69**	**13,180.24**

For the year 2019-20, there has been net increase by Rs.28,862.69 lacs as compared to last year is due to recognition of revenue based on input method whereas bills for work done are certified based on contract condition.
For the year 2018-19, there has been net increase by Rs. 13,180.24 lacs as compared to last year is due to recognition of revenue based on input method whereas bills for work done are certified based on contract condition.

(iii) Contract liabilities relating to construction contracts are balances due to customers, these arise when a particular milestone payment exceeds the revenue recognised to date under the input method and advance received in long term construction contracts. The amount of Advance received gets adjusted over the construction period as and when invoicing is made to the customer.

Movement in contract balances during the year

(Rs. in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contract liabilities at the Beginning of the year	8,827.50	-
Contract liabilities at the end of the year	2,942.50	8,827.50
Net increase/decrease	**(5,885.00)**	**8,827.50**

For the year 2019-20 - There has been net reduction of Rs. 5,885 lacs as compared to last year are mainly due to adjustment of advance payment received from client against works executed during the year.

D. Set out below is the amount of revenue recognised from:

(Rs. in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Amount included in contract liabilities at the beginning of the year	-	-
Performance obligation satisfied in previous years	-	-

E. Cost to obtain the contract

Amount recognised as asset as at 31st March, 2020 is Rs. Nil (As at 31st March, 2019: Rs. Nil)
Amount of amortisation recognised in the statement of profit and loss during the year is Rs. Nil (FY 2018-19: Rs. Nil)

F. Performance obligation

Information about the Company's performance obligations are summarised below:

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March are, as follows:

(Rs. in Lacs)

	As at 31st March, 2020	As at 31st March, 2019
Within one year	44792.8	72,488.87
More than one year to 2 years	-	117.70
More than 2 years	-	-
Total	**44,792.80**	**84,258.87**

* The amount disclosed above does not include variable consideration which is constrained.

31 Information in respect of dues to Micro and Small Enterprises as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

(Rs. in Lacs)

S.No	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	The principal amount and the interest due thereon remaining unpaid to any Principal amount due to micro and small enterprises Interest due on above	 - -	 0.10 -
2	The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	
3	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 year) but without adding the interest specified under the MSMED Act 2006	-	-
4	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
5	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 for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-

32 Disclosure as required by Ind AS 1 "Presentation of Financial Statements"

Changes in significant accounting policies:

Policy of 'Leases' has been modified in the significant accounting policies due to the applicability of Ind AS 116 "Leases".
Ind AS 116 was notified with effect from April 1, 2019 which replaces Ind AS 17. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient not to reassess whether contract is or contains lease at April 01, 2019. Instead, the Company applied the standards only to contracts that were previously identified as leases applying Ind AS 17. Further , company has Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application and the total lease term is less than 12 months .

The Company has lease contracts for its office which is cancellable by the both the lessor and lessee hence its is covered under the short term leases and company is having Nil impact due to adoption of the Ind AS-116.

33 During the current year company has taken the opinion related to the presentation of the income earned from the mobilisation advance and interest cost of the mobilisation advance in the financial statements .Ind AS 1 "Presentation of Financial Statements" allows netting off of these two interests for accounting purpose as it reflects the substance of the transaction. Based on the Opinion, company has netted the interest expenses on the mobilisation advance from the interest income earned from the mobilisation advance in the financial statements and figures of the comparative has been changed accordingly. Further, Company has calculated its estimated cost of the project without considering the interest payment on the mobilisation advance to the NHAI and calculated the revenue accordingly. As it is a matter of estimates and presentation hence no change is required in accounting policy for accounting of these interest income.

34 <u>**Covid19 Disclosure**</u>

The World Health Organisation (WHO) declared outbreak of novel Coronavirus (COVID -19) a global pandemic on March 11, 2020. Consequent to this, Government of India declared nationwide lockdown on March 24, 2020 and ordered temporarily closure of non-essential businesses, imposed restrictions on the movement of goods and services, travel etc.

As the nature of business performed by the Company, falls under the non-essential category, the Company temporarily suspended the operations in ongoing project in compliance with the lockdown instructions issued by the Central and State Governments. These nationwide lockdown restrictions had impacted the normal operations of the Company by way of interruption of project execution, supply chain disruption and unavailability of personnel during the lockdown period since 22nd March'2020.

The Central and State Government have initiated the steps to lift the lockdown and the Company is adhering to the same as it has resumed its activities based on the resources available. The Company has been able to resume operations at various project sites from the beginning of May in a gradual manner. The Company has taken necessary precautions to ensure the health, safety and wellness of all employees and also put in place all the guidelines as per the Central and State Governments to prevent the spread of COVID-19. The Company expects construction to reach optimum levels once situation normalises post lifting of lockdown as migrant labourers resume work gradually. Meanwhile, the company is exploring increased use of technology to fasten the pace of construction going forward

Financial performance

The Company believes that for the year 2019-20, there has been no significant impact of Covid19 pandemic on the financial performance of the Company in terms of revenue and profitability of the Company

Liquidity

The Company has access to sufficient liquidity for its operation.

The Company expects to recover the carrying amount of its assets comprising property, trade receivables, deferred taxes, other financial and non-financial assets etc. in the ordinary course of business based on information available on current economic conditions

Steps taken for smooth functioning

During the lockdown period, the Company has taken various steps towards rethinking the new normal for the business post COVID-19 lockdown. The working at non-critical locations of the Company was streamlined with work from home norms and roster for the employees as per the guidelines issued by the government authorities was finalised. Further, the Company has put in place stringent monitoring processes for COVID-19 ensuring the following:

(i) Thermal Screening of all employees and visitors
(ii) Sanitizing the premises and vehicles on regular basis
(iii) Maintenance of social distancing at all work places
(iv) Enforcing wearing of masks and regular cleaning of hands
(v) Regular health updates of all the employees and their families
(vi) Conducting awareness programs regularly for all its employees

Estimation of the future impact of CoVID-19 With the commencement of works at project, the Company is constantly reviewing its operation and is making every possible effort to make up for the lost time due to the pandemic. Though the management expects to have reduction in Revenue and Profitability in the FY 2020-21, the impact of the lockdown disruption will have to be assessed from time to time and communicated as we progress during the current financial year. A lot depends on the success of the various pandemic containment efforts being undertaken by the State and Central Governments and Health authorities. It is therefore premature to forecast the future impact with credibility at this stage.

The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID 19 situation evolves in India and globally. However, the Company will continue to closely monitor any material changes to future economic conditions.

35 Certain prior periods amounts have been reclassified for consistency with the current period presentations. These reclassifications have no effect on the reported results of operations. Also, previous year figures are shown under bracket () to differentiate from current year figures

As per our Report of even date attached	**For and on behalf of Board of Directors**		
	Sd/-	Sd/-	Sd/-
For Singhal Sunil & Associates	Shyam Lal Gupta	Rajendra Singh Yadav	Surajit Dutta
Chartered Accountants	Director	Director	Director
FRN : 008030N	DIN-07598920	DIN-07752915	DIN-06687032
Sd/-	Sd/-	Sd/-	Sd/-
CA Sunil Signhal	Nagangouda Hanumanthgouda Patil	Rachna Tomar	Pooja Rastogi
Partner	Chief Executive Officer	Chief Financial Officer	Company Secretary

M. No. 086904

Place : New Delhi
Date : 24.06.2020
UDIN: 20086904AAAAHR4699

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF IRCON DAVANAGERE HAVERI HIGHWAY LIMITED FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements of IRCON DAVANAGERE HAVERI HIGHWAY LIMITED for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 24.06.2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of IRCON DAVANAGERE HAVERI HIGHWAY LIMITED for the period ended 31 March 2020 under section143 (6)(a) of the Act under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and as elective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF IRCON DAVANAGERE HAVERI HIGHWAY LIMITED FOR THE YEAR ENDED 31 MARCH 2020	**MANAGEMENT REPLIES TO THE COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020.**
Comments on cash flow	
1. A reference is invited to the Comment No. B (ii) of C&AG of India, under Section 143 (6) (b) of the Companies Act, 2013 on the financial statement of the Company for the period ended 31 March 2019, wherein it was stated that changes in Non-Current Financial Assets had been disclosed in adjustment of working capital changes instead of disclosing the same under 'Cash Flow from investing activities. The Company during the Current Year has again disclosed the working capital changes in Non-Current Financial Assets (amounting to ` 12048.40 lakh) under Cash Flow from Operating Activities instead of showing under Cash Flow from Investing Activities as required under Para 16 of Ind AS-7.	The company is presenting cash flow by indirect method. As per para 18 of Ind AS-7**(Annexure-B),** An entity shall report cash flows from operating activities using either: (a) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed; or (b) the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash

	flows. During the financial Year 2019-20, there was no receipt under the head other non current financial Assets **(Receivable)**. Hence this represented transactions of a **non-cash nature as per para 18 of the Ind AS-7 and required to be disclosed under operating activities under working capital change and company accordingly disclosed the same under working capital change.** Further Opinion had been taken from consultant in FY 2019-20 for the same and treatment done accordingly.
2. The accrued interest (payable) amounting to ` 341.16 lakh, on mobilization advance from client being a non-cash item, should not be a part of Cash Flow Statement. However, the Company has added the same in 'Cash Flow from Operating Activities' and also 'Cash Flow from Financing Activities', in the violation of para 43 of Ind AS-07 'Statement of Cash Flows'. This has resulted into overstatement of 'Cash Flow from Operating Activities' and understatement of Cash Flow from Financing Activities amounting to ` 341.16 lakh.	As per para 20 of Ind AS 7**(Annexure-C),** under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of: (a) Changes during the period in inventories and operating receivables and payables. (b) non-cash items such as depreciation, provisions, deferred taxes, unrealized foreign currency gains and losses, and undistributed profits of associates; and (c) all other items for which the cash effects are investing or financing cash flows. The interest represent non cash item as per para 20 (b) and required to be adjusted from the operating activities otherwise it may lead to overstatement of cash flow from operating activities

For and on behalf of Comptroller & Audit General of India

Sd/-
(K.S. Ramuwalia)
Principal Director of Audit
Railway Commercial, New Delhi

For and on behalf of Board of Director

Sd/-
(Surajit Dutta)
Director
DIN-06687032

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
(‘IrconDHHL’)

<u>Registered & Corporate Office:</u>

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E-mail id: ircondhhl@gmail.com