

GLORIOUS  
**45**  
YEARS

# ANNUAL REPORT

2020-21

**Building** Better Tomorrow  
Strengthening **International Presence**

**इरकॉन**

**इरकॉन इंटरनेशनल लिमिटेड**  
IRCON INTERNATIONAL LIMITED

**ircon**

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## **Building** Better Tomorrow Strengthening **International Presence**

From the very beginning, IRCON has played an indelible part in creating transformative infrastructure assets. These means of societal progress are indeed enabling India into becoming a modern and advanced economy. We share a common objective with our Government for enriching the country, which constantly motivates us to develop path-breaking infrastructure that adds to India's economic growth and strengthens the position on the global map.

At IRCON, we have always followed a prudent and conservative business approach. Our persistent focus on building a strengthened balance sheet and sustainable business model has been the driving force of our success over the years. We believe that our proven leadership, in-house talent pool, strong partnerships, and the ability to evaluate new opportunities, define us as a leader in the industry. We take immense pride in knowing that we are one of the foremost companies in the country that connects places and people, while helping in the development of a nation.

In these testing times of unforeseen sudden disruptions, we remain deeply committed to creating collaborative and sustainable ways to move forward and keep a steady momentum of building infrastructure. In doing so, we aim to prioritize and deliver on the expectations of our clients, our employees, our shareholders and of society at large.

Going forward, we recognise that our role in the essential infrastructure industry places an imperative responsibility on us towards quality infrastructure for building better tomorrow and strengthening international presence.

Order Book

₹34,689 cr

ENR 2021

229<sup>th</sup> Rank

Executed Works

Railways

5133 TKM

Roads & Highways

6466 Kms.

Railway Electrification

7711 RKM

ROBs

159 No.

Tunnels

97 Kms.

# IRCON ATA GLANCE

IRCON is a rapidly growing integrated engineering and construction company specialising in major infrastructure sectors.

## SERVICES



Engineering,  
Procurement  
& Construction



Project  
Management  
Consultancy



Public  
Private  
Partnership



Real  
Estate

## INDUSTRY SECTORS SERVED



Railways



Highways



Bridge &  
Flyovers



Buildings



Electrical



Signalling &  
Telecom



Mechanical



Coach  
Factory



Station  
Building



MFC



Aviation



## FORAY INTO RENEWABLE ENERGY

## INFORMATION TECHNOLOGY



Mobile Apps:  
IRCON Tenders,  
IRCON CSR,  
IRCON Careers



SAP ECC  
Based ERP



SAP Business  
Objects



E-Procurement by  
NIC's GePNIC

# WHAT DRIVE US



## VISION

To be recognised nationally and internationally as a construction organisation comparable with the best in the field covering the entire spectrum of construction activities and services in the infrastructure sector.



## MISSION

Our mission is to effectively position the company so as to meet the construction needs of infrastructure development of the changing economic scenario in India and abroad. We aim to earn global recognition by providing high quality products and services in time and in conformity with the best engineering practices.



## VALUES

1. Constructive Approach
2. Teamwork
3. Performance Excellence
4. Probity in work and dealings
5. Being responsible and accountable.



# CORPORATE INFORMATION

## Registered Office

C-4, District Centre, Saket, New Delhi – 110017  
Tel.: 91-11- 26530266 Fax: 91-11-26522000 / 26854000  
E-Mail: info@ircon.org Website: www.ircon.org  
CIN : L45203DL1976GOI008171

## Company Secretary & Compliance Officer

Ms. Ritu Arora

## Chief Financial Officer & Chief Investor Relations Officer

Shri Surajit Dutta

## Statutory Auditors

M/s HDSG & Associates  
Chartered Accountants

## Cost Auditors

M/s. R.M. Bansal & Co.  
Cost Accountants

## Secretarial Auditors

M/s. Kumar Naresh Sinha & Associates,  
Company Secretaries

## Bankers

Indian Overseas Bank, YES Bank, HDFC Bank,  
State Bank of India, IndusInd Bank and ICICI Bank.

## Registrar & Share Transfer Agent

KFin Technologies Private Limited Selenium Tower-B, Plot No. 31 & 32,  
Financial District, Nanakramugda, Serilingampally Mandal, Hyderabad –  
500032, Telangana Website: <https://www.kfintech.com> and /  
or <https://ris.kfintech.com/> E-mail: einward.ris@kfintech.com  
Toll free number: 1- 800-309-4001

## Shares Listed at

BSE Limited (BSE)  
National Stock Exchange of India Limited (NSE)

## Depositories

National Securities Depository Limited (NSDL)  
Central Depository Services (India) Limited (CDSL)

## SCRIP CODE

BSE: 541956  
NSE: IRCON

## ISIN No.

INE962Y01021



# CHAIRMAN'S STATEMENT

*Dear Shareholders,*

It is my privilege to share with you the 45<sup>th</sup> Annual Report of your company and give you an insight of the performance of your Company during FY 2020-21 and a perspective into your Company's new initiatives and future plans.

In conformity with the objective set by our Hon'ble Prime Minister in his speech at the 75th Independence Day, IRCON is also committed to the Principle of "राष्ट्र प्रथम, सदैव प्रथम" (Rashtra Pratham, Sadaiv Pratham, means Nation first and always first)."

I am proud to say that IRCON is on a steady growth path, and continues to perform above the industry average in India. Since 1985, we have actively worked towards becoming a diversified infrastructure player, both in terms of sectoral and geographical coverage. We have progressively diversified into providing an entire gamut of construction activities and infrastructure services. We are a strong footed company, that has achieved significant milestones in executing challenging projects across the world. So far, we have delivered 128 projects in 25 countries across the globe and over 395 projects in India.

I would like to share with you that your company has been ranked at '180' in 2020 by total revenue, and ranked at '10' in terms of sector performance under the 'Construction and Infrastructure' Sector in the Business Standard BS1000 Annual Magazine released in March 2021. As per the 2021 edition of USA's Engineering News Record (ENR), IRCON is only Indian PSU to make it to the list of top 250 International Contractors.

## OUR OPERATIONAL PERFORMANCE AND ACHIEVEMENTS

In spite of a challenging macro-economic environment including the adversities due to COVID-19 and stiff competition, our strong financial position together with our efforts has enabled us to maintain the momentum in our order book growth. FY 2020-21 has been considered as a successful year for your Company in terms of order book and business secured.. IRCON's order book, as on March 31, 2021 stood at ₹34,689 Crore with ₹32,916 Crore of work secured in the Railway sector, both on competitive and on nomination basis.

The year 2021 can be considered as an excellent year in terms of bagging orders valuing more than ₹4157 Crore out of which orders worth ₹4097 crore were secured through competitive bidding.

During FY2021, the Railway sector contributed more than 85% to our total revenue. Our primary focus and strengths have consistently remained deeply rooted in the Railway sector. However, we are also into Highways business, and this year its share in the total revenue is approximately 14.52% and share of Electrical, Building and other works in total revenue is approx. 0.28%.

In the domestic market, we have completed several projects in areas of Highways, Bridges and Flyovers and Electricals, amongst others. We continue to actively participate in new projects in foreign countries, including our ongoing projects in Bangladesh, Algeria, Sri Lanka,

Nepal & Myanmar. By continuing to diversify our business and geographical focus, we strive to secure a broader range of projects to maximise business volume and profit margins.

## FINANCIAL PERFORMANCE

### Financial Highlights:

The COVID-19 pandemic has devastated the world. Its impact, which varies across sectors, has been significant in the construction industry. Hence, financials of FY2020-21 are not strictly comparable with FY2019-20. During FY2021, despite the disruption in execution of projects during the first half of the year due to COVID-19, we recorded a total income of ₹5,220 Crore as against ₹5,442 Crore in the previous financial year. The operating turnover for the year stood at ₹4,948 Crore as against ₹5,202 Crore in FY2020, showing a decrease of 4.89%. Out of the total income, 11.35% (₹590 Crore) has been achieved through international projects. The Profit After Tax has decreased by 17.40% from ₹490 Crore in FY2019-20 to ₹405 Crore in FY2020-21.

On a consolidated basis, we have recorded a total income of ₹ 5,523 Crore during the FY2021 as against ₹ 5,540 Crore in the previous financial year, and achieved a consolidated Net Profit of ₹ 391 Crore for the said fiscal as against ₹ 485 Crore in the previous financial year.

Furthermore, I would like to mention that the Statutory Auditors have not given any qualification or remarks in the Auditors' Report and the Comptroller & Auditor General of India (C&AG) have given 'Nil' comments for the FY2021.

### Financial results for the quarter ending 30.06.2021:

I am glad to announce that despite the impact of COVID 2.0, the turnover and profitability of the Company for Q1FY22 has improved substantially in comparison with Q1FY21. The total turnover for this quarter has increased by 114.90% to ₹ 1,103.49 Crore from ₹ 513.48 Crore; the operating turnover stood at ₹ 1,051.09 Crore showing an increase of 120.19% against ₹ 477.35 Crore; and the Profit After Tax (PAT) has increased by 112.39% from ₹ 39.88 Crore to ₹ 84.70 Crore.

### Dividend:

Subject to the approval of the shareholders, out of profit for the FY2021, the Board has recommended a final dividend of ₹ 1.70 per equity share on the face value of ₹ 2/- each amounting to ₹159.89 Crore, over and above the interim dividend of ₹ 1.30 per equity share on the face value of ₹2/- each amounting to ₹ 61.13 Crore. With this, the total dividend for FY2021 would aggregate to ₹ 221.02 crore (approx.) which is 54.63% of the post-tax profits for FY 2020-21 and 5.01% of net worth as on March 31, 2021. The cumulative dividend including proposed final dividend upto FY 2021 would stand at ₹ 2139 crore (approx.)

I am glad to inform that based on the profits for Q1FY22, the Board has declared an Interim Dividend of ₹ 0.45 per share for the FY2021- 22 amounting to ₹42.33 Crore which is 22.50% of the paid-up share capital of ₹188.10 Crore.



**"We are preparing to expand our footprint in high technology and high value projects"**

## CHANGES IN THE SHARE CAPITAL

### Split of Shares

Post approval of split of shares in the March, 2020, during the year FY2021, your Company has split the face value of equity shares from ₹10/- each to ₹2/- each. Consequently, for every one equity share of ₹10/- each, five equity shares of ₹2/- were allotted to the shareholders on April 08, 2021.

### Offer for Sale of Shares:

The Promoter of your Company i.e. "The President of India represented by Ministry of Railways" by way of Offer For Sale (OFS) through Stock Exchange mechanism on March 3<sup>rd</sup> & 4<sup>th</sup> 2021 disinvested 16% of the paid up capital of the Company at the rate of ₹89.75 per share amounting to ₹677.07 Crore (including gross of stock exchange transaction charges and all applicable taxes and charges). As a result of the OFS, holding of the President of India has reduced from 89.18% to 73.18% of the paid-up equity share capital of the Company. With this, your Company is in compliance on Minimum Public Shareholding (MPS) requirement in terms of the **Securities Contracts (Regulation) Rules, 1957.**

### Bonus Issue:

After closure of the FY2021, in May-June 2021, your Company has issued and allotted fully paid bonus shares in the ratio of 1:1 i.e. one (1) new fully paid-up equity share of ₹2/- each for every one (1) existing equity share of ₹2/- each. Accordingly, the paid-up share capital of your Company is increased from ₹94.05 Crore to ₹188.10 Crore.

## SUBSIDIARY AND JOINT VENTURE COMPANIES

With the addition of one more wholly-owned subsidiary viz. Ircon Gurgaon Rewari Haveri Highway Limited (IrconGRHL) formed on December 24, 2020, IRCON group now comprises six wholly-owned subsidiary companies out of which five are Special Purpose Vehicles (SPVs) created for execution of projects of NHAI; and seven joint venture companies, out of which five JV companies incorporated mainly for coal connectivity projects in the States of Chhattisgarh, Jharkhand, and Odisha. The details of all subsidiaries and joint venture companies are provided in the Directors' Report.

During the year, IrconDHHL a wholly owned subsidiary company and SPV of IRCON, has re-financed term loan of ₹502.76 Crore from Punjab National Bank (PNB) and repaid loan of ₹326.72 Crore to IRCON. Also, CEWRL a JV Company with 26% participation of IRCON has availed external term

loan facility of ₹1033.76 Crore from State Bank of India and consortium of banks. Both these loans are backed by the Corporate Guarantee / Sponsor Support (to the extent of shareholding) in favour of the respective Banks.

In addition to the above, your company has extended its Corporate Guarantee for its two wholly owned subsidiary companies and SPVs viz. IrconGRHL and IrconVKEL, which is valid till the receipt of 1<sup>st</sup> Annuity from NHAI i.e. 180 days from Commercial Operations Date (COD). After the close of the year, Corporate Guarantee has been extended by IRCON to Indian Overseas Bank (IoB) for providing term loan of ₹309.68 Crore to IrconGRHL; and to Bank of Baroda (BoB) for providing term loan of ₹724.12 Crore to IrconVKEL. It is noteworthy to mention that after disbursal of loan by BoB to IrconVKEL, the existing loan of IRCON of ₹589.50 Crore has been repaid by IrconVKEL thereby reducing the financial investment of IRCON in the subsidiary company and improving liquidity position of IRCON.

## AWARDS AND ACCOLADES

In terms of Memorandum of Understanding (MoU) signed with the Ministry of Railways, Government of India, your company has been rated as 'Excellent' for the year 2018-19. The rating of the Company under MoU for the year 2019-20 is under review by the Department of Public Enterprises. The Company expects to achieve 'Excellent' rating for the year 2019-20 & 2020-21 also.

Apart from above, your Company's has been conferred various awards during the FY2021, which have been detailed in the Directors' Report, however the prominent of them are the 'National Award for Excellence in PSU' by World HRD Congress; 'Eltes National PSU Award of Excellence' in three categories viz. for Building Sustainability Infrastructure & Development, for Digital Transformation during COVID-19, and for Smart Infrastructure for Indian Railways; 12<sup>th</sup> CIDC Vishwakarma Award by Construction Industry Development Council (CIDC) in three categories viz. for Best Professionally Managed Company (in more than ₹ 1,000 Crore turnover category), for Best Construction Project (for Mathura - Kasganj project) and for Corona Warriors; and 8<sup>th</sup> FICCI Quality Systems Excellence Award.

## RESPONSIVE AND RESPONSIBLE

India's second wave of COVID-19 pandemic seemed to be more intense than the first one. For the construction sector, which was already under stress before the pandemic due to financial constraints and dwindling output, the second wave of COVID-19 and the resultant migration has indeed come as a harsh blow. The Company has initiated several measures to help its employees and their families, including establishing COVID care centers, vaccination centers, and providing them access to medical care facilities. The Company has also taken various initiatives towards implementation of all precautionary measures to deal with the pandemic.

During this exceptional time of COVID-19, in addition to the contribution of ₹20.50 Crore towards the Prime Minister's Citizen Assistance and Relief in emergency Situation Fund (PM CARES Fund) [₹5.01 Crore contributed during the

FY2019-20 which includes the contribution of ₹51 Lakhs made voluntarily by the employees of your company; and ₹15.5 Crore contributed during FY2020-21], in FY2021-22 we have provided support to the citizens through various CSR activities like providing financial support for the cold chain equipment in connection with COVID-19 vaccination programme of Government of India and installation of Oxygen Generating Plant at Divisional Railway Hospital, Danapur. Apart from this, we continue to make significant efforts towards the development and upliftment of the underprivileged sections of society, through various CSR initiatives that are directed towards improving the quality of life of the underprivileged population of India.

## CORPORATE GOVERNANCE

The Company is implementing the tenets of Corporate Governance in letter and spirit. Your company accords highest importance to transparency, accountability, and equity in all facets of its operations. Your Company is adhering to the provisions contained in the SEBI (Listing Obligation and Disclosure Requirement) Regulations 2015, Companies Act 2013, and DPE Corporate Governance Guidelines 2010 and other applicable regulatory requirements. A certificate on Compliance of conditions of Corporate Governance under the SEBI Regulation and DPE Guidelines on Corporate Governance forms part of the Directors' Report.

Your Company has achieved 'Excellent' grade for compliance of Corporate Governance for FY 2020-21 as per the report notified by the Department of Public Enterprises (DPE).

## TOWARDS A PEOPLE-CENTRIC ORGANISATION

We recognise our employees as our most valued assets. Therefore, we take consistent strides towards their development and well-being. We are committed to creating and maintaining an ideal work culture for an engaged and capable workforce. We have strong values, pioneering practices, and collaborative work culture through joint consultation amongst the management. We believe in regularly expanding our workforce with new talented people who can drive innovation and development in our organisation. The total strength of our human resources as of March 31, 2021 stood at 1298. The total number of newly employed personnel is 100.

Additionally, we emphasise the development and career progression of our employees. Our people management team regularly organises training programs that are directed towards improvement and productivity. Through all these efforts, we aim to make IRCON an organisation that is people-centric and people-driven.

## INFORMATION TECHNOLOGY

With emphasis on transparency and the new requirement of technology and approach in working system, your company has taken a number of proactive measures to adopt with the changed way of working. Few such initiatives included implementation of e-office system from National



Informatics Centre (NIC), i.e. Ministry of Electronics & Information Technology, Government of India and GePNIC procurement platform developed by NIC. These initiatives have provided an impetus for development of a paperless office system.

Going ahead with these initiatives, your Company is undertaking implementation of the latest version of SAP S/4 HANA and aims to go-live w.e.f. 1<sup>st</sup> September 2021. The implementation of SAP S/4 HANA will help in covering end-to-end business processes of the organisation and improve the overall performance and efficiency of the company.

## FUTURE OUTLOOK

Strong project execution capabilities over the years, justifies the market leadership position gained by your Company in the Railway infrastructure and Construction sector. We are confident that with the support of our experienced management team and skilled workforce, we shall continue the momentum in the years to come. We endeavor to continue our strategy of diversifying across industry segments and increase orders from foreign countries. Our goal is to further enhance our healthy profit margins and comfortable liquidity position, which will also contribute to enhancing our operational performance. To uphold our reputation in the public sector and to build improved profit margins, we intend to capitalize on our advantageous position in the market, both in terms of our expertise and financial position. We are confident that various infrastructure initiatives decreed by the Government of India will help us in fostering our future growth. We believe that we are well-positioned to execute projects under these modes due to our strong technological capabilities and sound financial position. Furthermore, we intend to maintain a robust ESG (Environmental, Social and Governance) culture and adopt global best practices in all our processes and systems.

Your Company has been entering into various strategic MoUs with domestic and international agencies to pursue potential opportunities in railways, highways, port, building projects, ports, harbours, bridges tunnels, metro rails in India and abroad and also to explore and collaborate on opportunities in the solar energy sector.

In addition to this, we are preparing to expand our footprints in high technology and high value projects like High-Speed Railway projects, Solar Energy and PPP investment projects. Our business operations are labour intensive. However, the COVID-19 pandemic has triggered a need for new approach for new normal by utilizing the new technology and approach in working system. We have overcome this challenge by adopting the new technology such as drones, precast elements and new designs which are not labour intensive. Safety and preventive measure as per guidelines issued by the Ministry of Health and Family Welfare (MOHFW) are being monitored by the special task force.

The infrastructure sector is one of the major focus areas for the Government of India. Moving in line with the National

Rail Plan 2030, the Union Budget, 2021 focused on Railway infrastructure development – including proposals to come up with the new dedicated freight corridor (DFCs) and High-Speed Railways. The Ministry of Railways has decided to invite PSU companies for significant railway projects which offers further opportunities to embark on high-quality government projects. Our Hon'ble Prime Ministry has recently announced the launch of Gati Shakti Yojna of ₹100 Lakh Crore which will be a National Infrastructure Master Plan for our Country to lay down the foundation of holistic Infrastructure. Out of ₹100 Lakh Crore, ₹30 Lakh Crore are kept for Railway Infrastructure. Further, the Company is exploring additional infrastructure development opportunities in sync with the priority projects of the Government such as Smart City Mission and Metro Rail. It is also pursuing opportunities in the highway projects in Indian states, connecting habitations with rural roads through Pradhan Mantri Gram Sadak Yojana (PMGSY), re-development of railway stations.

On the International front, your Company has reformulated its policy for engagement of agents which will help in getting business opportunities in the global markets. IRCON is aggressively pursuing infrastructure projects in countries such as Maldives, Malaysia, Jordan, Bangladesh and Sri Lanka. The Company will also be participating in the African countries for railway and highway projects.

IRCON has also signed an MoU with RZD International, which is a state-owned Russian Railways Company to explore opportunities for joint development of railways and other infrastructure projects in Asia, Africa, and Latin America. We have re-formulated our policy which will help in getting business opportunities in the global markets.

## ACKNOWLEDGEMENT

Finally, I would like to convey my sincere gratitude to all Board Members, our stakeholders for their constant support and trust in IRCON. Also, I am humbled by the efforts of several frontline warriors such as doctors, healthcare workers, municipal officials, army, and police, amongst other people in the essential services. I am also thankful for the whole-hearted support received from the Government of India, other Ministries and Departments of Government of India, Financial Institutions, Banks, Comptroller & Auditor General of India (C&AG), Statutory Auditors, Cost Auditors and Secretarial Auditors. I, also sincerely place my appreciation for the good work done by all the employees at all levels of the Company for their commitment and hard work that has helped in delivering another successful year for the Company.

Best Regards,

sd/-

**M. K. Singh**

Chairman & Managing Director  
CEO and Director (Finance)

Date: 24.08.2021

Place: New Delhi

# BOARD OF DIRECTORS



## SHRI MUKESH KUMAR SINGH

Chairman & Managing Director & Director (Finance) & CEO

Shri Mukesh Kumar Singh (DIN: 06607392), is Chairman & Managing Director (L/A) CEO & Director Finance of our Company. He holds a bachelor's degree in Arts (Honours – Mathematics), a master's degree in Arts (Mathematics) from University of Delhi, M.Phil (Mathematics) and Post Graduate Diploma in Financial Management from IGNOU. He is an Indian Railway Accounts Service (IRAS) officer of 1990 batch.

Prior to joining IRCON, he was posted as FA & CAO (C), West Central Railway, Jabalpur. He worked as General Manager (Finance) in Rail Vikas Nigam Limited (on deputation) for about 4 years. He is experienced in handling accounts and finance matters of construction issues of rail infrastructure pertaining to SPVs, financials of Railway Projects and appraisal of PPP projects in Indian Railways, compilation and preparation of accounts of Indian Railways, dealing with Statutory Audit (C&AG) etc. Further, he played a pivotal role in implementing a pan-railway online accounting package system and other Relational Database Management System (RDBMS) packages of accounting and finance in zonal headquarters and divisions in the railway system along with being a member of the team computerizing the railway finance and accounts in two major divisions. He has been on the board of IRCON since 1<sup>st</sup> May 2016. He has also received various awards like Ministry of Railways Award (in 1998), General Manager Award (2004) etc.



**Strong commitment and continuous guidance from our Board resulting in growth and development**



### SHRI YOGESH KUMAR MISRA

Director (Works)

Shri Yogesh Kumar Misra (DIN:07654014), is Director (Works) of our Company. He is B. Tech., Civil Engineering from Indian Institute of Technology (IIT), Delhi.

He belongs to Indian Railway Service of Engineers (IRSE) officer of 1987 batch and has over 34 years of rich and varied experience in Railways. He is experienced in Project Development and Consultancy for turnkey railway and highway projects involving, detailed survey, alignment design, tunnels, bridges etc. He has previously held the position of Executive Director (Works) in IRCON. He has been on the board of IRCON since 28<sup>th</sup> December 2018.



### SHRI SHYAM LAL GUPTA

Director (Projects)

Shri Shyam Lal Gupta (DIN:07598920), is Director (Projects) of our Company. He holds a bachelor's degree in Civil Engineering from University of Roorkee and has completed his executive master of science in project management from School of Professional and Executive Education (SPEED), Asia e University.

He joined IRCON in 2006 and prior to that, he has worked with Indian Railways for 28 years. He is experienced in infrastructure sector and has worked in different capacities in Indian Railways. He was Executive Director (General) in IRCON before being appointed as Director (Projects). Under his supervision, many projects were completed within the scheduled time in Sri Lanka. He has been on the board of IRCON since 1<sup>st</sup> November 2019.



### SHRI RAJESH ARGAL

Government Nominee Director

Shri Rajesh Argal (DIN: 09171980) holds a bachelor's degree in Civil Engineering from MACT (Mulana Azad Collage of Technology), Bhopal.

He has over 35 years of rich and varied experience in Railways and presently working as an Additional Member (Planning), Railway Board which entails planning and budgeting of Railway Infrastructure projects including prioritization of Investment and execution of the same.

He is also the coordinator for National Infrastructure Pipeline Projects in the Railway Board. His immediate past assignments include Chief Administrative Officer (Construction), West Central Railway, Jabalpur. Chief Safety Officer. West Central Railway, Jabalpur. Divisional Railway Manager at Malda. His earlier assignments include a stint at Chief Engineer (Construction), Eastern Railway, Kolkata and General Manager, IRCON on deputation for about one and half years in SEREMBAN-GEMAS double tracking project in Malaysia. He has also worked for four and half years as Chief Engineer (Construction), Southern Railway Chennai.

He has been on Board of IRCON since 13<sup>th</sup> May 2021.



### SHRI DHANANJAYA SINGH

Government Nominee Director

Shri Dhanajaya Singh (DIN: 08955500), holds a bachelor's degree in Civil Engineering from University of Lucknow.

He is presently working as Executive Director (Works), Railway Board, Ministry of Railways, Government of India. Before the present assignment, he has worked in Railway Board in various work positions including Directors (Works) (Railway Board) Senior Divisional Engineer (Northern Railway). He was on deputation to Mumbai Rail Vikas Corporation as a Deputy Chief Project Manager. He has been on Board of IRCON since 10<sup>th</sup> November 2020.

# SENIOR EXECUTIVES



**SHRI A.K. GOYAL,**  
Executive Director (Works)



**DR. SUBHASH CHAND,**  
Executive Director (Electricals)



**SHRI PRAMOD KUMAR SINGH,**  
Project Director (Patna)



**DR. SHAILESH KUMAR SINHA,**  
Project Director (Katni)



**SHRI MOHINDER SINGH,**  
Project Director (Sivok Rangpo)



**SHRI ANKUSH GUPTA,**  
Executive Director (Projects) and  
Project Director (Chhattisgarh)



**SHRI SURINDER SINGH,**  
Executive Director (Special Works)

# PROJECTS COMPLETED (FY2020-21)

**CONSTRUCTION/  
UPGRADATION  
OF RURAL ROADS  
INCLUDING BRIDGES  
IN 5 DISTRICTS IN THE  
STATE OF JHARKHAND**



**SIX-LANING OF  
DAVANAGERE-  
HAVERI IN THE STATE  
OF KARNATAKA**

**MATHURA-KASGANJ-  
KALYANPUR RAILWAY  
ELECTRIFICATION  
PROJECT**



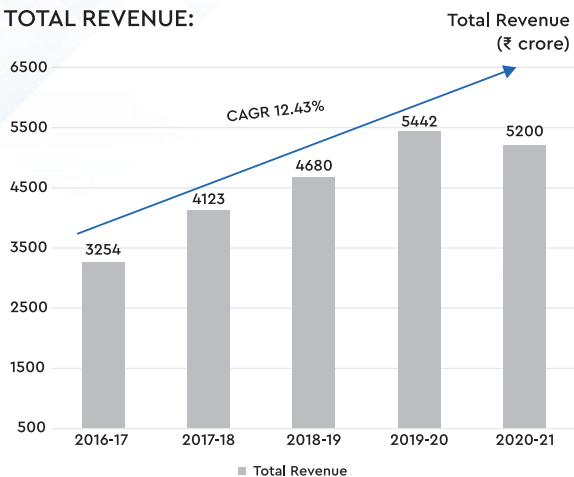
**RAPDRP-PART B  
PROJECT UNDER  
JAMMU PROVINCE**

**RAILWAY  
ELECTRIFICATION  
WORK FOR  
KATNI-SINGRAULI**

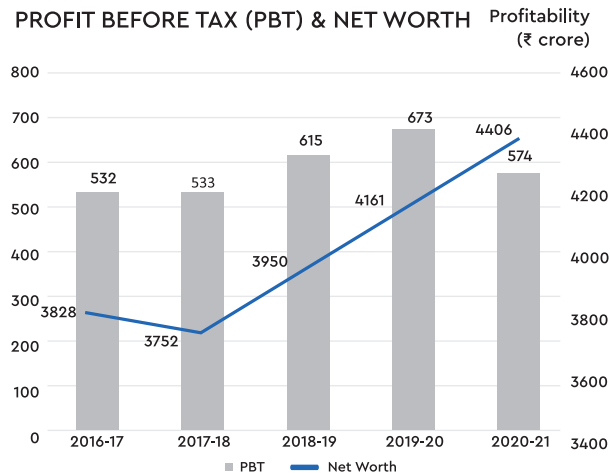


# KEY PERFORMANCE INDICATORS (STANDALONE)

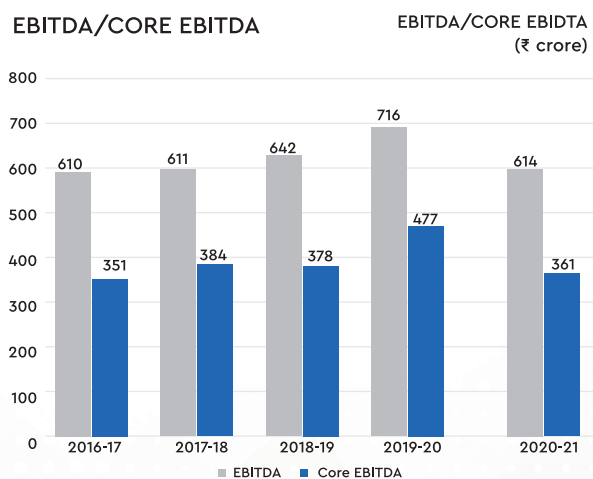
## TOTAL REVENUE:



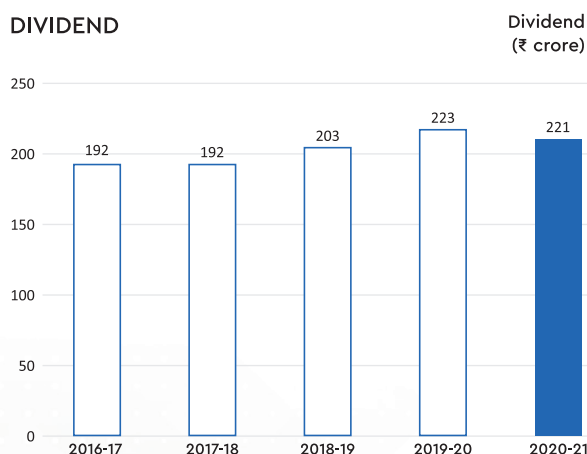
## PROFIT BEFORE TAX (PBT) & NET WORTH Profitability (₹ crore)



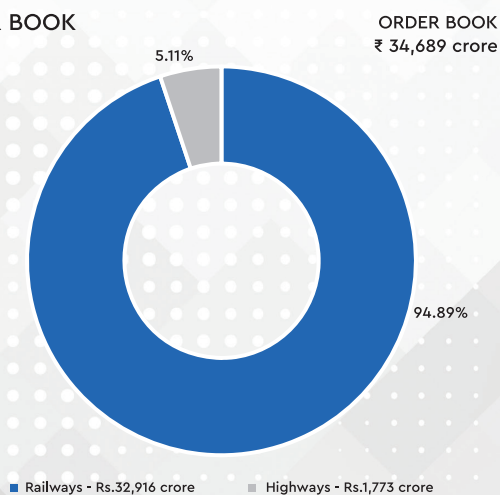
## EBITDA/CORE EBITDA



## DIVIDEND



## ORDER BOOK



**Our consistent growth is a testimony of our well devised business strategies and constant effort to improve our performance.**

# FINANCIAL HIGHLIGHTS (STANDALONE)

(₹ in crore)

Sl. No.	Particulars	Ind AS						IGAAP			
		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
1	<b>Operating Income</b>	4,948	5,202	4,408	3,870	2,934	2,418	2,950	4,067	4,232	3,601
2	Add/Less: Company Share of Turnover in Integrated JVs	-	-	7	26	90	-	89	(9)	(13)	(23)
3	Add: Company Share of Profit/(loss)in Integrated JVs	-	-	-	-	-	-	2	(1)	1	2
4	<b>Net Operating Income</b>	4,948	5,202	4,415	3,896	3,024	2,418	2,864	4,057	4,220	3,580
5	Other Income	253	240	265	227	230	442	250	250	251	181
6	<b>Total Income</b>	5,200	5,442	4,680	4,123	3,254	2,860	3,122	4,307	4,471	3,761
7	Expenditure (Incl.increase/decrease in stock)	4,596	4,735	4,048	3,577	2,766	2,222	2,267	3,024	3,412	3,102
8	Operating Margin (PBDIT)	604	707	631	546	488	638	854	1,283	1,059	659
9	Interest Expenses	6	18	4	-	12	8	-	-	-	-
10	Depreciation	25	16	12	13	18	28	10	34	44	57
11	Exceptional items	-	-	-	-	(74)	-	-	-	-	-
12	<b>Profit Before Tax</b>	574	673	615	533	532	602	844	1,249	1,015	602
13	<b>Profit After Tax</b>	405	490	445	391	369	395	579	907	730	470
14	Dividend for the Year	221	223	203	192	192	168	182	182	148	94
15	General Reserve	3,334	3,334	3,334	3,334	3,334	3,334	3,334	2,971	2,277	1,733
16	Retained Earnings	979	733	517	311	390	318	-	-	-	-
17	Other Comprehensive Income	(5)	(4)	(0.32)	9	5	(5)	-	-	-	-
18	Other Reserves	5	5	5	4	-	-	-	2	3	-
19	Total Reserves & Surplus	4,312	4,067	3,856	3,658	3,729	3,647	3,334	2,973	2,280	1,733
20	Net Fixed Assets	255	271	128	134	137	149	163	170	180	196
21	Inventories	118	321	332	141	139	141	114	119	125	135
22	Foreign Exchange Earnings (net)	45	15	33	64	24	59	418	1,042	822	444
23	Share Capital	94.05	94.05	94.05	94.05	98.980	19,796	19,796	19,796	19,796	9,898
24	Capital Employed*	4,406	4,161	3,950	3,752	3,828	3,667	3,354	2,993	2,300	1,743
25	Government Investments	-	-	-	-	-	-	-	-	-	-
26	<b>Net Worth</b>	4,406	4,161	3,950	3,752	3,828	3,667	3,354	2,993	2,300	1,743
27	Profit Before Tax to Capital Employed (%)	13	11	9	8	14	16	25	42	44	35
28	Operating Margin to Capital Employed (%)	14	12	10	8	13	17	26	43	46	38
29	Profit After Tax to Share Capital (%)	430	521	473	416	373	1,995	2,924	4,578	3,687	4,747
30	Expenditure to Income (%)	88	87	87	87	85.00	78	73	70	76	82
31	Number of Employees (No.)	1,295	1,426	1,576	1,622	1,496	1,499	1,472	1,579	1,704	1,703
32	Income per Employee	4.02	3.82	2.97	2.54	2.18	1.91	2.12	2.73	2.62	2.21
33	Foreign Exchange Earning per Employee	0.04	0.01	0.02	0.04	0.02	0.04	0.28	0.66	0.48	0.26
34	Current Ratio	1.22	1.15	1.32	1.66	2.02	1.99	1.72	1.81	-	-
35	Debt/Equity Ratio*	-	-	-	-	-	-	-	-	-	-
36	Investments	1,506	1,469	1,314	1,201	1,223	743	737	494	295	208

**Notes:**

\* During the year 2021, the Company has offset loan from IRFC and amount recoverable from RLDA. Accordingly previous year's figures have been corrected.

1. 27 to 30 are in percentage
2. 31, 34 & 35 are not in crore rupees

# OUR AWARDS & RECOGNITIONS



**12th CIDC Vishwakarma Award**  
for Corona Warriors



**12th CIDC Vishwakarma Award**  
for display of utmost commitment and drive  
to create a vibrant work environment



**12th CIDC Vishwakarma Award**  
for Best Construction Project for  
Mathura – Kasganj Project



**12th CIDC Vishwakarma Award**  
for Best Professionally Managed Company in  
₹ 1,000 Crore plus turnover category



**ET Now Dream Companies to work**  
Award for Overall Rank 20



**ET Now Dream Companies to work**  
Award in PSU sector



# Consistence performance recognised with awards and accolades from several renowned institutions.



**National Awards**  
for Excellence in PSU by World HRD Congress



**Elets National PSU Award of Excellence**  
for Building Sustainable Infrastructure & Development



**Elets National PSU Award of Excellence**  
for Digital Transformation during Covid-19



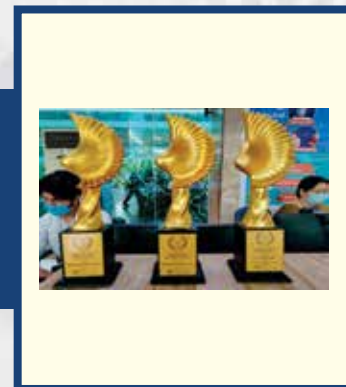
**Elets National PSU Award of Excellence**  
for Smart Infrastructure for Indian Railways



**13th D.L. Shah Quality Award**  
by Quality Council of India for showcasing outstanding  
contribution in the Tunneling industry at Udhampur  
Srinagar Baramulla Rail Link Project (J&K)



**8th FICCI Quality  
Systems Excellence Award**



**National Awards**  
for Excellence in PSU by World HRD Congress

# IRCON A STRONG PROPOSITION

## ABOUT US

Ircon International Limited (IRCON), a Schedule "A" & Mini Ratna – Category I Central Public Sector Undertaking (CPSU), incorporated by the Ministry of Railways, Central Government, under the Companies Act, 1956 on 28th April 1976 originally under the name "Indian Railway Construction Company Limited". It was created for the development of railways networks in India and abroad utilizing the expertise of Indian Railways. The name of the Company was changed to "Ircon International Limited" w.e.f. 17th October 1995 in tune with the international image and scope of operations of the Company.

We are an integrated engineering and construction company, specialising in major infrastructure sectors including railways, highways, bridges, flyovers, tunnels, aircraft maintenance hangars, runways, EHV substations, electrical and mechanical works, commercial and residential properties, development of industrial areas, and other infrastructure activities. We provide EPC services on a fixed-sum turnkey basis as well as on an item-rate basis for various infrastructure projects. IRCON also executes projects on Build, Operate and Transfer (BOT) / Hybrid Annuity Mode (HAM) basis by leveraging the financial strength of the Company to sustain future earnings.

IRCON is an ISO certified company for Quality Management system since 1996 (and the first construction company in India to get this certificate), and is also accredited for Environment Management system from 2011, and

for Occupational Health & Safety Management System from 2012. It is an ISO 9001:2015, ISO 45001:2018 and ISO 14001:2015 Certified company.

The Authorised and paid-up share capital of the Company is ₹ 400 Crore and ₹ 188.10 crore respectively and 73.18% of the paid-up share capital is held by the Government of India as on 31.03.2021. IRCON's shares were listed on BSE & NSE on 28th Sept, 2018. IRCON is ranked among the top 500 listed companies in India in terms of market capitalization as on 31.03.2021.

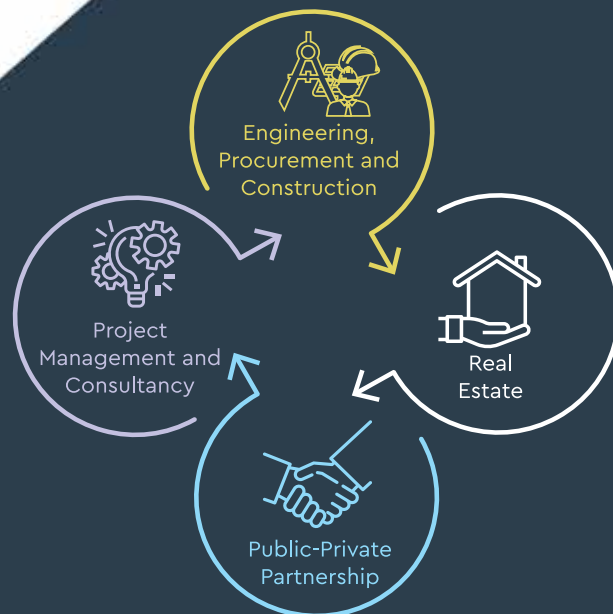
IRCON has been ranked amongst the Top 500 Indian Companies in 'Fortune India 500 companies list' of 2020 of Fortune India Magazine. IRCON has been awarded several prestigious awards in the year 2020-21. IRCON is the only Indian PSU ranked among the Top 250 International Contractors 2020 by Engineering News Record (ENR), USA.

## IRCON AS A LEADER

IRCON is only PSU going for competitive bidding; cost effectiveness in the delivery is the mantra. We have a long-standing reputation as a sectoral leader in transportation infrastructure amongst the public sector construction companies in the country with specialisation in execution of Railway Projects on turnkey basis or otherwise. We are known for our quality solutions, commitment, and consistency in terms of our performance.



# OUR SERVICE PORTFOLIO



## Engineering, Procurement and Construction (EPC)

We offer a broad range of services from concept to commissioning in the gamut of EPC projects. We execute EPC projects that involve high complexity and sophistication in the field of railways, highways, tunnels, bridges, road over bridges, rail cum road bridges across major rivers, airport hangar and runways, metro rail, buildings, extra high voltage transmission lines and grid substations, industrial electrification, signalling and telecom systems, amongst others. Right from the phase of execution till its successful commissioning, we are backed by an experienced team of design engineers, technical staff, project management personnel and an extensive fleet of equipment.



## Public Private Partnership (PPP)

We offer major services in the category of PPP projects in the railways sector through a joint venture model along with the state government and other stakeholders under the DBFOT pattern on toll, annual institute, and mixed annual institute basis. For the execution of such projects and timely completion, we have a well-placed team of experienced designers, technical personnel, and skilled project management professionals along with our financial capacity.



## Project Management and Consultancy (PMC)

We offer comprehensive wide-ranging PMC services from planning to commissioning in the entire spectrum of projects. These PMC services are provided for construction of railway sidings, highways, railway, and road over bridges, building amongst others either by us or through our wholly owned subsidiary 'Ircon Infrastructure Services Limited (IrconISL)'. We have a dedicated team of project management, quality management and contract management professionals to undertake PMC jobs in the infrastructure sector.



## Real Estate

We undertake development, construction and leasing of office realty spaces and development of commercial real estate.

## OUR CERTIFICATIONS

We are an ISO certified company recognised OUR CERTIFICATIONS for quality, environment, occupational health and safety management systems, Schedule 'A' and a Mini Ratna Category I public sector listed company. CARE Ratings have reaffirmed its 'CAREAAA; Stable/ CAREA1+' to the long term bank facility of IRCON.

# DIVERSIFIED GLOBAL INFRASTRUCTURE PSU

**IRCON is leading the infrastructure industry with its expertise in delivering diverse projects in domestic and international markets.**

Since inception, IRCON has actively focused on becoming a diversified infrastructure player, both in terms of sectoral as well as geographical coverage. Our efforts, over the years, have made us an established player, particularly in the fields of railway and highway construction. Through our broad range of services, we also cater to needs of our clients in areas such as Railway construction including New Lines, Doubling works, Rehabilitation & Gauge Conversion projects, Ballast less track, Electrification, Bridges/Flyover, Tunneling, Sub-Stations, Signal & Telecommunication as well as Leasing of Locos, Station building etc., Over the years, while keeping railway projects as its focus area, it diversified into a wider spectrum of infrastructure such as Highways & Expressways, Tunneling, Bridges, Metro, Power substation, transmission & distribution, Buildings (Industrial, Commercial & Residential), Townships, and Airport Runways & hangars and Mass rapid transit system.

Over the years, the company has extended its operations to other geographies including countries like Algeria, Bangladesh, Iran, Iraq, Malaysia, Nepal, South Africa, Sri Lanka, Bhutan, Myanmar, Afghanistan, Syria, Turkey, Ethiopia, Tanzania, Mozambique, Zambia, Liberia, Nigeria, Indonesia, Myanmar, Bhutan, etc.

As of today, we have executed 523 projects and have around 52 on-going projects. The range of projects that we undertake supports us in diversifying our

construction business and reduces our dependence on a specific sector. We believe that having a diversified project portfolio is our main strength and proves to be a distinguishing factor while operating in dynamic market conditions. Furthermore, our wide geographical footprint has facilitated us to meet our objective of gradually upgrading from a construction company to a diversified company with a portfolio of BOT, DBFOT, EPC and HAM projects. It has also helped us to achieve high project development and operational capabilities through Special Purpose Vehicles created in the form of Joint Ventures and Subsidiary companies.

As one of the leading PSUs, our demonstrated history of executing high-quality projects including projects at the extreme locations offers us a significant advantage in pursuing new opportunities, even amidst the increasing stringent pre-qualification criteria for projects. In order to capitalise on the anticipated market growth, we continuously target projects based in local and global markets, while also focusing on enhancing our revenue through our ventures in the Indian market.

Today, we believe that our consistent efforts, better adaptive governance, and a conservative approach towards capital allocation has fuelled our growth and has helped us to stand as a reputed infrastructure company with exceptional market leadership qualities. We are confident that these characteristics will further contribute to IRCON's promising future.



# RELIABLE BUSINESS STRENGTH

**Our industry excellence is reflected in our reliable execution capabilities and timely delivery of projects.**

Our business strength can be attributed to several factors. IRCON has a proven track record of delivering high quality projects on time. The execution capabilities and expertise possessed by our workforce acts as a driving force behind our continuous success.

Year after year, we remain successful in recording consistent operating profit and foreign exchange inflow levels. Our industry leadership is reflected in our operating history, industry knowledge, and our in depth understanding of civil and other infrastructure construction projects. Our uniqueness is demonstrated through our geographical and sectoral diversification combined with a carefully formulated contract management system.

The resilience of our business is also a result of our strategically diversified operations that help us in confining the risks linked with a particular industry. We believe that our financial strength and operational efficiency combined with long years presence in construction sector makes us a leader in the infrastructure space.

Our reasonably strong balance sheet and our proactive efforts in bidding and winning tenders in the infrastructure space differentiates us in the marketplace. We have a positive track record of winning, executing and delivering projects on time, which further provides us with the reputation and credentials to keep earning noteworthy projects in the future. Our balance sheet strength, along with a prudent cost assessment allows us to bid and

secure larger projects. Our proven history of on-time and quality project completion has helped us to develop a strong reputation and elevate our opportunities to win premium tenders.

Throughout the years of our operations, we have put in place well-tested systems and controls that include robust contract management; efficient project management; design innovations and advanced technology. These systems act as unique Selling Points for our Company. We believe that our growing order book is an outcome of the successful execution of projects, and it has further allowed us to bid and win new contracts successfully. The growth in our order book, together with our diversified business activities across transportation, engineering, and building construction confines the risks associated with a particular industry, while simultaneously helping us to benefit from the synergies of operating in diverse business sectors. In addition to this, our ability to deliver projects within demanding timelines has further enabled us to minimize cost overruns.

As we move ahead, our focus is to remain as the most preferred infrastructure company for all our clients. We strive to deliver world-class projects while meeting all the requirements in a stipulated timeframe. We believe that our financial strength and operational efficiency makes us a leader in the infrastructure domain.



# WELL QUALIFIED & EXPERIENCED HUMAN CAPITAL

**Our fundamental priority is our team, which is the driving force behind our success and our ability to cater to a vast clientele.**

As a company that recognises its workforce as its most valuable asset, we take significant strides towards the growth and well-being of our employees. At IRCON, we appreciate the critical role that our employees play towards the success of the organisation. Our efforts are often centred around creating a workplace that cultivates productivity through continuous development initiatives. On the top of this, we regularly monitor and ensure a safe and congenial environment for our workforce.

Our growth is also powered by our management team whose expertise has enabled us to achieve our business objectives. Their commitment towards the company's success has played a pivotal role in helping us emerge as a market leader.

We are proud to be one of the organisations with a committed workforce that is skilled in delivering timely projects even in the most challenging geographical landscapes. The diverse and notable skill sets of our employees offer us the flexibility to adapt to the needs of our clients and the technical requirements of the projects that we undertake. We rely on our people to operate the modern construction equipment, accomplish various tasks on our complex projects and deliver quality performance to our clients, often on a demanding timeline.

We continuously invest in strengthening our workforce through regular on-job skill development programs and training. In addition to our regular workshops and seminars, we have also launched various schemes such as educational scholarships, one-time educational grants for



**At IRCON, we appreciate the critical role that our employees play towards the success of the organisation. We believe that a company is only as strong as its people. Therefore, we leave no stone unturned when it comes to the development and wellbeing of our employees.**

admission to professional degrees, diploma courses and educational awards.

For many years now, we have recognised the importance of creating a protected workplace for our women employees. It is one of our top priorities to provide a congenial and safe working atmosphere to them. To ensure this, we have an Internal complaints committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

As we move forward, our goal is to strengthen our human capital by continuously focusing on their growth. We aspire to maintain a relatively low employee attrition rate and retain our skilled employees for further stimulating our expansion. We intend to achieve this by consistently investing in them with quality development programs safer and healthier working environment.



# PROPELLING GROWTH STRATEGY – FUTURE OUTLOOK

**Our prudent business growth strategies are the driving force behind our consistent strong performance.**

Being a PSU that is competitively-ahead, year after year, our objective continues to focus on developing prudent strategies that help us record excellent consistent growth, even in a volatile economic environment.

We have actively concentrated on becoming a diversified infrastructure player, both in terms of sector and geographical coverage. We have extended our expertise into transportation engineering, civil and industrial construction, and other infrastructure projects with a portfolio of BOT, DBFOT, EPC and HAM projects. Additionally, we are actively exploring opportunities to develop collaborated projects through Joint Ventures and Special Purpose Vehicles. Additionally, with our established presence in the Indian market, we further intend to cover the unexplored areas within the country. We believe that this will help us in enhancing our portfolio with projects proposed by the Government of India and further consolidate our position in the infrastructure sector.

Given our long-standing reputation as one of the industry leaders in transportation infrastructure, with proven expertise in railway projects, a sizeable proportion of our business is driven by projects directly awarded by the government agencies. To uphold our reputation in the public sector and to build improved profit margins, we intend to capitalize on our advantageous position in the market, both in terms of our expertise and financial position. We are confident that various infrastructure



**Year after year, our objective continues to focus on developing prudent strategies that help us record excellent growth, even in a volatile economic environment.**

initiatives decreed by the Government of India will help us in fostering our future growth. We believe that we are well-positioned to execute projects under these modes due to our strong technological capabilities and sound financial position.

As we move ahead, we plan to build on our strategy of diversifying across industry segments through new engines of growth. We endeavour to enhance our portfolio with projects in the international markets to achieve healthy profit margins offered by these projects. Also, while we continue to focus on the railway sector, through portfolio diversification, we aim to hedge against risks in specific areas or projects and guard the company against market variations resulting from business concentration in particular industry sectors and limited geographical regions. With sound expertise and solid performance, we expect to see steady growth in our business with a rise in the number of projects that we undertake.



# ROBUST ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG)

**We have thoughtfully developed a purposeful culture that aligns with our vision to drive our ESG initiatives.**

At IRCON, our Environmental, Social and Governance (ESG) framework is integrated across our business operations. Our ESG efforts are reflected in our policies and principles that govern how our organisation operates. In realisation of our commitment to responsible business, we follow the highest standards of ethical business operations and best practices by adopting a robust Corporate Governance Policy and Code of Conduct. These policies recommend a set of systems driven by the fundamental principles of transparency, accountability, compliances, disclosures, ethical conduct, and the responsibility to encourage the interests of all stakeholders. In addition to this, our business strategy aims to achieve consistent growth, which is sustainable, as well as responsive. In realisation of our commitments to responsible business, we follow the highest standards of ethical business operations and best practices by adopting a robust Corporate Governance

Policy and Code of Conduct. These policies recommend a set of systems driven by the fundamental principles of transparency, accountability, compliances, disclosures, ethical conduct, and the responsibility to encourage the interests of all stakeholders.

We consistently strive to make a positive impact on the communities in which we operate. We have developed thoughtful initiatives in the areas of health, education, economic welfare, and environment protection. To successfully execute our efforts, we collaborate with several Non-Profit Organisations who share with us a mutual goal of societal benefit. Furthermore, we have a robust and reliable CSR & Sustainability committee that actively formulates essential activities while also regularly engaging with the communities through various platforms.





## SUSTAINABLE DEVELOPMENT AT IRCON

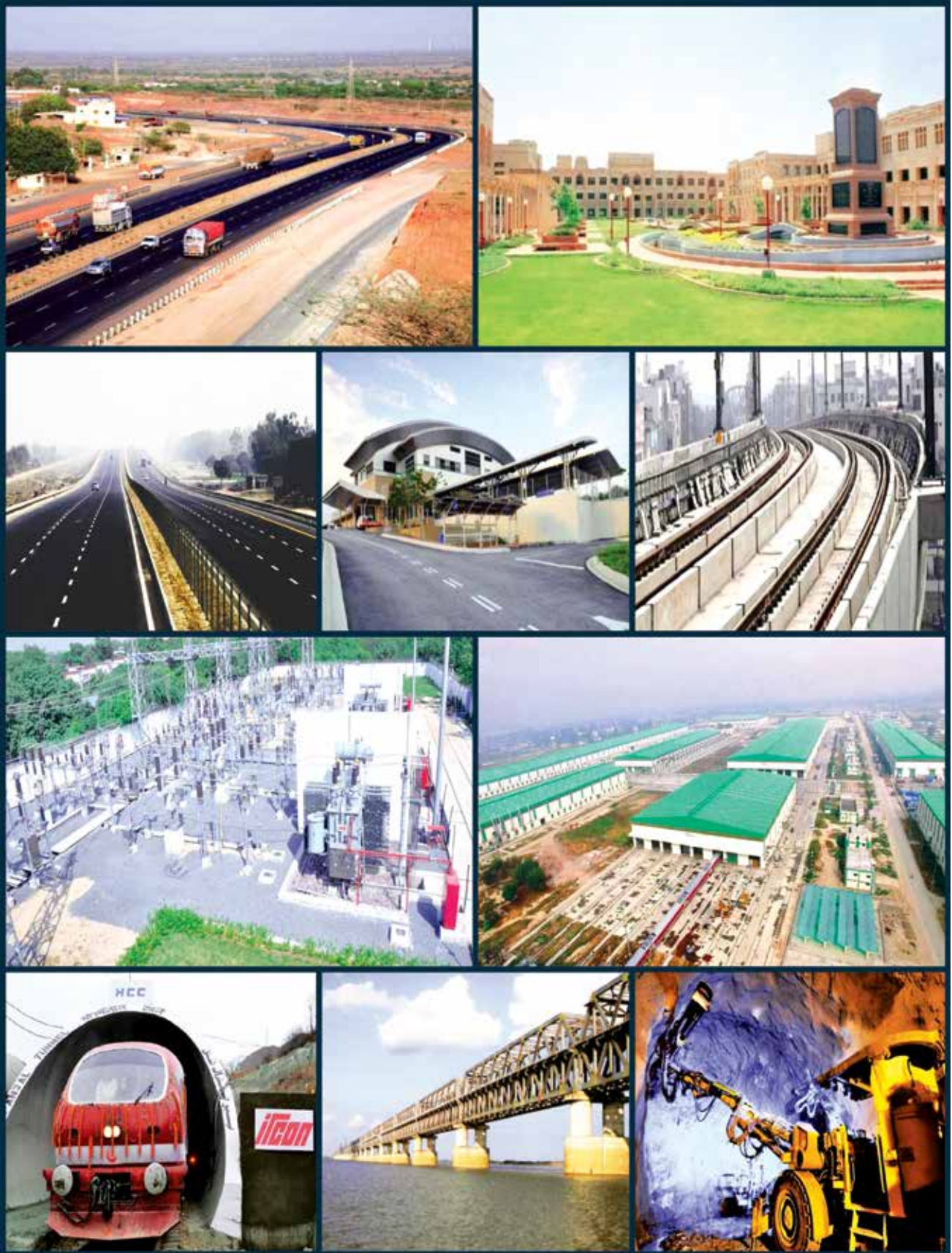
Our strategy behind sustainable development is aligned with the Sustainable Development Goals (SDG) outlined by the United Nations.

### LINKING OUR SUSTAINABLE DEVELOPMENT TO UN SDG

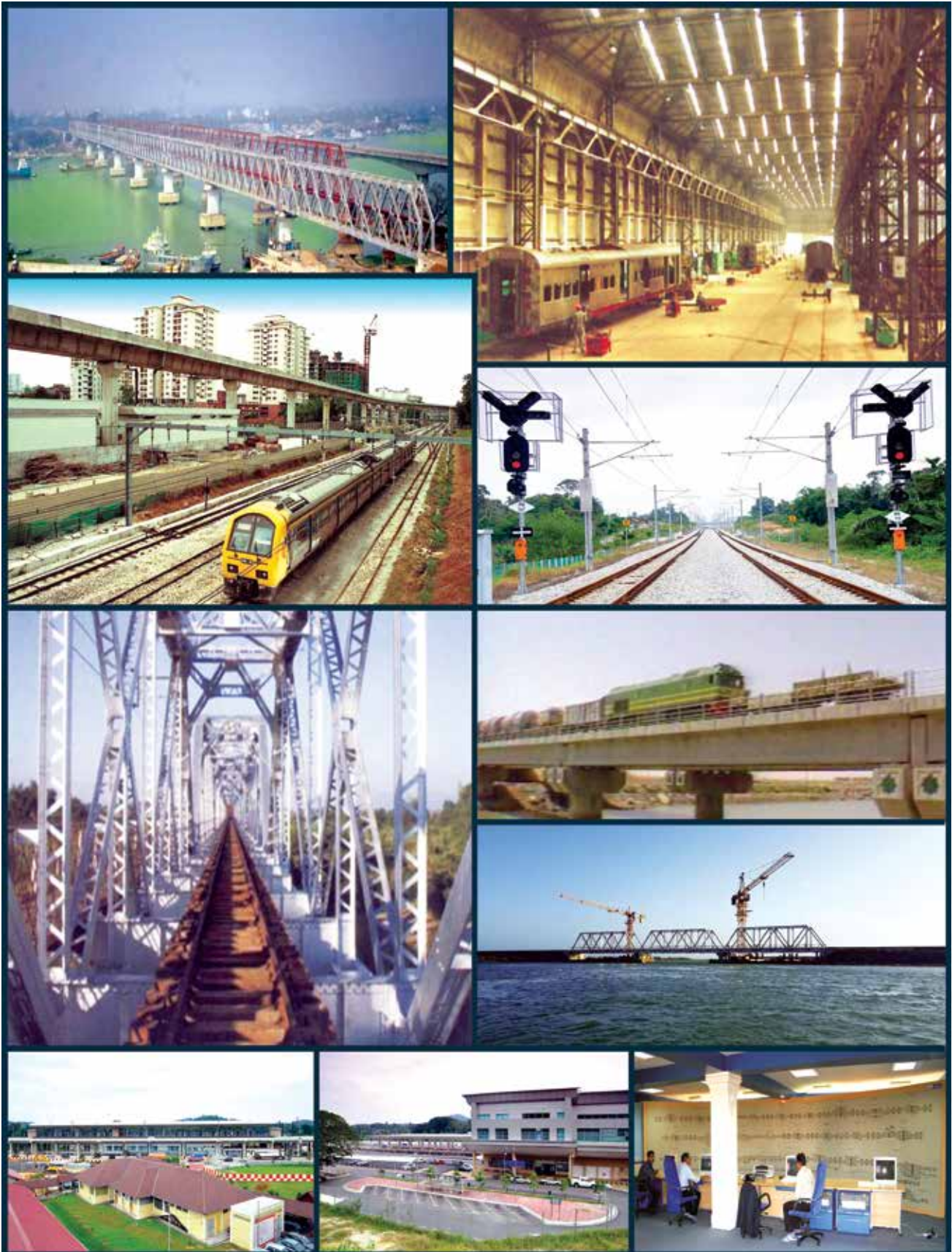
 <p><b>1</b> NO POVERTY</p>	<p>The Goal is aimed towards eradicating poverty in all its forms and dimensions by 2030.</p>	 <p><b>6</b> CLEAN WATER AND SANITATION</p>	<p>The Goal is aimed at ensuring availability and sustainable management of water and sanitation for everyone.</p>
 <p><b>2</b> ZERO HUNGER</p>	<p>The Goal is aimed at eradicating hunger, achieving food security and improved nutrition and promote sustainable agriculture.</p>	 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<p>The Goal is aimed at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p>The Goal is aimed at ensuring healthy lives and promoting wellbeing for all at all age groups.</p>	 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>The Goal is aimed at building resilient infrastructure, promoting inclusive and sustainable industrialisation and foster innovation around the world.</p>
 <p><b>4</b> QUALITY EDUCATION</p>	<p>The Goal is aimed at ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all.</p>	 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>The Goal is aimed at making cities and human settlements inclusive, safe, resilient and sustainable.</p>
 <p><b>5</b> GENDER EQUALITY</p>	<p>The Goal is aimed at achieving gender equality and empowering all women and girls.</p>	 <p><b>15</b> LIFE ON LAND</p>	<p>The Goal is aimed at protecting, restoring and promoting sustainable use of terrestrial ecosystems. Additionally, it strives to sustainably manage forests, combat desertification, ensure reverse biodegradation, and stop the loss of biodiversity.</p>



# INDIAN PROJECTS



# FOREIGN PROJECTS



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT



# MANAGEMENT DISCUSSION AND ANALYSIS

## MANAGEMENT DISCUSSION AND ANALYSIS

Infrastructure sector, a key driver for the Indian economy is responsible for propelling India's overall development and invites intense focus of the Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country.

## GLOBAL ECONOMIC OVERVIEW

Global prospects remain highly uncertain for more than one year due to the COVID-19 pandemic. Although, it was expected that the global economy will be severely impacted by the COVID-19 pandemic, global economic activities have gained significant momentum even after a 3.5% contraction in 2020 (World Bank Global Economic Prospects, June, 2021). The pandemic has caused a heavy toll of deaths and illness, plunged millions into poverty, and may depress economic activity and incomes for a prolonged period. Top near-term policy priorities include controlling the spread of COVID-19 and ensuring rapid and widespread vaccine deployment. To support economic recovery, authorities also need to facilitate a re-investment cycle aimed at sustainable growth that is less dependent on government debt.

Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. As per International Monetary Fund (IMF), World Economic Outlook (WEO) (April 2021), the Global Growth is projected at 6% in 2021, moderating to 4.4% in 2022. The projections for 2021 and 2022 are stronger than forecast in the October 2020 report by WEO. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. However, there is a high uncertainty surrounding this outlook due to path of the pandemic, effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions.

## INDIAN ECONOMY

The Indian economy was negatively impacted by an unprecedented health crisis in 2020-21 with the highly contagious corona virus (COVID-19) spreading across the country. In response to the pandemic, Government has taken several proactive preventives and mitigating measures starting with progressive tightening of international travel, issue of advisories for the members

### India's foreign exchange reserves as on March 2021

US\$ 576.98 billion



**The infrastructure sector is expected to be a significant growth engine for the Indian economy and is instrumental in driving the country's overall development.**

of the public, setting up quarantine facilities, contact tracing of persons infected by the virus and various social distancing measures. Government imposed a strict 21 days nationwide lockdown from March 25, 2020, under the Disaster Management Act, 2005, with subsequent extensions and relaxations, to contain the spread of COVID-19 while ramping up the health infrastructure in the country. The lockdown measures, imposed to contain the spread of COVID-19 pandemic in India, universally affected employment, business, trade, manufacturing, and service activities. The unlocking of the economy in a phased manner has helped the economy to get back on its feet. The rebuilding of the Indian economy hinges on various reform measures aimed at addressing concerns of businesses and to support livelihoods.

While the lockdown resulted in a 23.9% contraction in GDP in Q1, the recovery has been V-shaped as seen in the 7.5% decline in Q2 and the recovery across all key economic indicators. With this, the country's economy slipped into a technical recessionary phase for the first time ever – when its GDP growth became negative or declining for two consecutive quarters or more. The COVID-19 pandemic affected both demand and supply. India announced a slew of structural reforms to expand supply in the medium to long term and avoid long-term damage to productive capacities.

In May, 2020, India unveiled a massive economic stimulus package of ₹20.97 Lakh Crore (USD 26.6 Billion), under the 'Atmanirbhar Bharat' or 'Self Reliant India' scheme. The entire package is classified into six segments and is expected to significantly impact multiple sectors across the economy. The National Statistical Office (NSO) in February, 2021 updated that the prospects for FY 2021-22 have strengthened with the progress of the vaccination programme and other initiatives undertaken by the Government of India. The second wave surge in infections has, however, imparted greater uncertainty to the outlook and needs to be closely watched, especially as localized and regional lockdowns could dampen the recent improvement in demand conditions and delay the

# MANAGEMENT DISCUSSION AND ANALYSIS

return of normalcy.

As per the International Monetary Fund (IMF) in the World Economic Outlook (April 2021), Indian economy contracted by 7.3% in 2020. However, IMF has projected an impressive growth rate of 9.5% in 2021 and 8.5 in next fiscal for Indian economy.

Range-bound inflation always offers scope for a rate cut. In FY21, the RBI has undertaken a series of measures to enhance the liquidity position such as the marginal standing facility (MSF) rate and the bank rate has reduced to 4% and the reverse repo rate reduced to 3.35% which is prevalent in June 2021.

India's foreign exchange reserves surged to USD 576.98 billion as on March 31, 2021 from USD 477.81 billion as of March 31, 2020. Foreign currency assets (FCA), a major component of the overall reserves, increased to USD 536.69 billion as at March 2021 from USD 442.21 billion.

As per Monetary Policy Committee of RBI, the focus of Monetary Policy is on containing the spread of the virus as well as on economic revival – consolidating the gains achieved so far and sustaining the impulses of growth in the new financial year (2021–22). A key aspect of this strategy will be to strengthen the bedrock of macroeconomic stability that has anchored India's revival from the pandemic. This will help stakeholders in taking efficient spending decisions over longer horizons, thereby improving the investment climate. Public investment in key infrastructure sectors is a force multiplier with historically proven ability to revive the broader economy by directly enhancing capital stock and productivity, and by attracting private investment. The focus of the Union Budget for the year 2021–22 on investment-led measures with increased allocations for capital expenditure; the expanded production-linked incentives (PLI) scheme; and rising capacity utilization (from 63.3% in Q2:2020–21 to 66.6% in Q3:2020–21) will reinforce the process of economic revival. Further, firms engaged in manufacturing, services and infrastructure sector polled by the Reserve Bank of India (RBI) in March 2021 are optimistic about a pick-up in demand and expansion of business activity in FY 2021–22.

In FY2021, COVID-19 had an unprecedented impact on the economy. Amidst, all the negativity and chaos, India continues to witness a silver lining through robust GST collections, increased agricultural output, a favourable demographic dividend, sustainable economic policies, amongst others.

## INDUSTRY OVERVIEW

The infrastructure sector is expected to be a significant growth engine for the Indian economy. The industry is instrumental in driving India's overall development and

enjoys a strong policy emphasis on implementing policies that would ensure timely execution of the country's world-class infrastructure projects. The sector includes power, bridges, dams, roads, railways, tunnels and urban infrastructure development. Infrastructure development drives growth and is a critical factor to achieve the ambitious goal of US\$5 trillion (equivalent to ₹367.52 Lakh Crore approximately) economy by 2025. Creating new infrastructure and upgrading existing structures will be the key to bolstering India's competitiveness. It is also expected to significantly contribute to the success of the 'Make in India' programme. In addition to this, the infrastructure sector is labour-intensive and helps in improving the employment and income generation in the economy, which further stimulates domestic demand.

It must be recognised that the initial shock, disbelief and despair of the COVID-19 pandemic engulfing almost all the segments in the country have gradually paved way for a perception that although there is no overnight solution to end the crisis and we have to live with it for more months than thought initially, we can still look forward and prepare ourselves for a set of activities, not entirely different from those existing prior to the start of the crisis. The infrastructure sector has been impacted by the global pandemic COVID-19. Construction activities continue to remain disrupted across the country with labour shortage at project sites exacerbating the situation for the companies already grappling with multiple issues such as liquidity crisis, rising project costs and dwindling demands. The infrastructure sector has been given the go-ahead to start operations, but the industry needs to overcome all the other challenges.

A combination of factors such as the global scramble to move supply lines from China, a raft of government housing schemes, a large captive market and massive pent-up demand due to COVID-19 restrictions will drive India's construction industry to make a strong recovery in 2021–22. In order to boost the construction of buildings in the country, Government of India has decided to come up with a single window clearance facility to accord speedy approval of construction projects. The Government of India has implemented various policies aiming to reduce transaction costs, supporting Micro, Small and Medium Enterprises (MSMEs), enhancing competition, fostering employment creation and securing sustenance through the 'Atmanirbhar Bharat Abhiyan'. The Government of India has taken a plethora of initiatives to push the infrastructure sector. Specific notable developments have

# MANAGEMENT DISCUSSION AND ANALYSIS

been initiated such as Bharatmala project, Electrification of railway tracks, Dedicated Freight Corridors (DFCs), focus on the Metro and High-speed trains, Sagarmala project, Construction of Roads and Highways, amongst others.

The Budget for FY 2021-22 rests on 6 pillars including physical, financial capital & infrastructure among others namely, Health and Wellbeing, Inclusive Development for Aspirational India, Reinvigorating Human Capital, Innovation and R&D and Minimum Government and Maximum Governance.

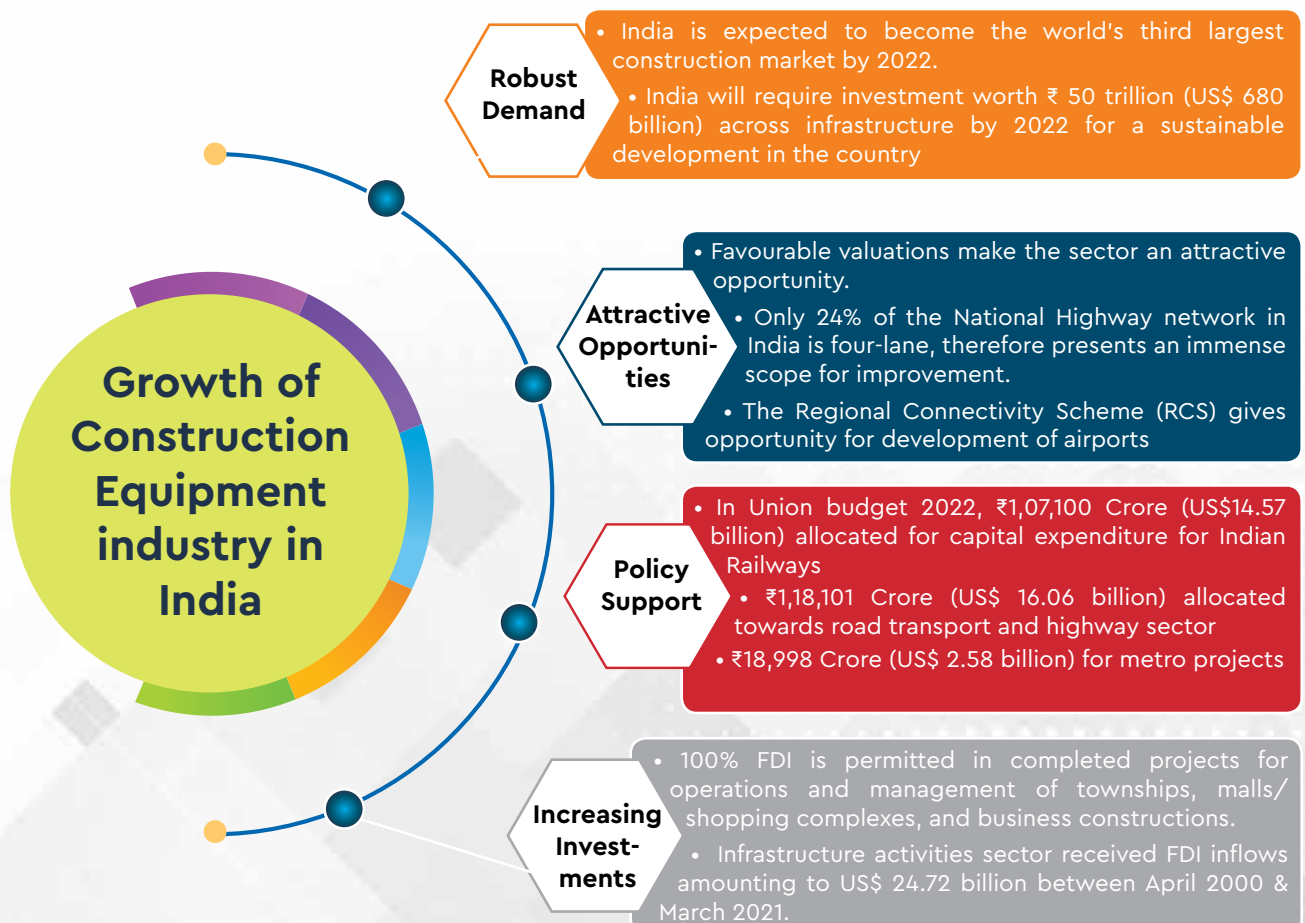
In Union Budget 2021, the government has given a massive push to the infrastructure sector by allocating ₹233,083 Crore (US\$ 31.71 billion) to enhance the transport infrastructure. The government expanded the 'National Infrastructure Pipeline (NIP)' to 7,400 projects. 217 projects worth ₹1.10 Lakh Crore (US\$ 14.97 billion) were completed as of 2020. The key highlights of the Budget 2021-22 are as follows:

- Indian railways received ₹1,10,055 Crore (US\$ 14.97 billion), of which ₹1,07,100 Crore (US\$ 14.57 billion) is for capital expenditure.



**Creating new infrastructure and upgrading existing structures are expected to be the keys to bolstering India's competitiveness and significantly contribute to the success of the 'Make in India' and Atmanirbhar Bharat Abhiyan.**

- ₹ 1,18,101 crore (US\$ 15.87 billion) has been allocated towards road transport and highway sector.
- A new centrally sponsored scheme Pradhan Mantri Aatmanirbhar Swasth Bharat Yojana (PMANSY) received an outlay of ₹64,180 Crore (US\$ 8.73 billion)



Conversion rate used for 31st March 2021 is ₹ 1 = US\$ 0.013605, 1 US\$ = ₹ 73.5047



over 6 years for various interventions such as to strengthen the existing 'National Health Mission' by developing capacities of primary, secondary & tertiary care and healthcare systems & institutions to detect and cure new and emerging diseases; support for rural and urban health and wellness centres; setting up integrated public health labs in all districts etc.

- The government announced ₹18,998 Crore (US\$ 2.58 billion) for metro projects.
- Mega Investment Textiles Parks (MITRA) scheme was launched to establish world-class infrastructure in the textile sector and establish seven textile parks over three years.

## RAILWAYS SECTOR

Indian Railways is among the world's largest rail network, and its route length network is spread over 1,23,236 kms, with 13,523 passenger trains and 9,146 freight trains, plying 23 million travellers and 3 million tonnes (MT) of freight daily from 7,349 stations. India's railway network is recognised as one of the largest railway systems in the world under single management.

The size of the Indian Railway market is directly determined by the budget of the Ministry of Railways. This falls under two categories – the capital expenditure for setting up new lines, doubling, gauge conversions, track renewals, signalling improvements, railway electrification and buying new rolling stock, amongst others. Government of India has focused on investing in railway infrastructure by making investor-friendly policies. It has moved quickly to enable Foreign Direct Investment (FDI) in railways to improve infrastructure for freight and high-speed trains. At present, several domestic and foreign companies are also looking to invest in Indian rail projects. Indian

Railways has focused on several projects for removal of bottlenecks and enhance safety. Some of the measures are rebuilding of bridges, construction/strengthening of foot over bridges, yard re-modelling, commissioning of doubling and electrification etc.

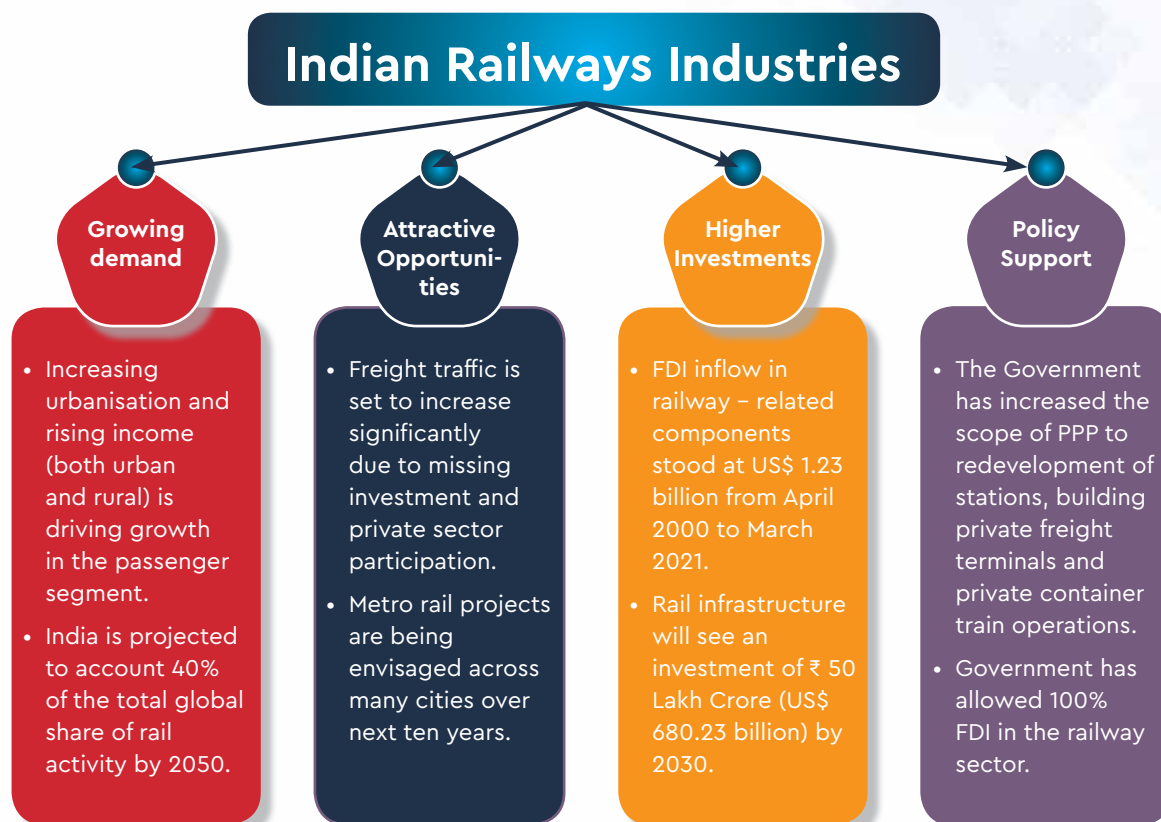
The Central Government supports Railways to expand its network and invest in capital expenditure. The Union Budget has allocated the highest-ever capital expenditure (capex) plan of ₹2.15 Lakh Crore for the Indian Railways for the FY 2021-22 which is 29% up compared to the capex plan for 2020-21 of ₹ 161,042 Crore. This is going to be spending on major infrastructure projects of the railways including the construction of new lines, doubling, tripling and electrification, overhauling of the existing signalling and telecommunication system, station redevelopment and introduction of modernized rolling stock. Moving in line with the National Rail Plan 2030, the Union Budget 2021-22 focused on Railway infrastructure development – including proposals to come up with new dedicated freight corridors (DFCs). The Budget has provided a record ₹1,10,055 Crore for Railways, of which ₹1,07,100 Crore will be for capital expenditure.

The Key announcements and proposals related to Railways made in Budget for FY 2021-22 include:

- Western DFC and Eastern DFC to be commissioned by June 2022. The dedicated freight corridor projects namely East Coast corridor from Kharagpur to Vijayawada, East-West Corridor from Bhusaval to Kharagpur to Dankuni and North-South corridor from Itarsi to Vijayawada will be taken up in future.
- Sonnagar – Gomoh Section (263.7 km) of Eastern DFC to be taken up in public-private partnership (PPP) mode in FY 2021-22. Gomoh to Dankuni section of 274.3 km will also be taken up in short succession.



# MANAGEMENT DISCUSSION AND ANALYSIS



- 100% electrification of Broad-Gauge routes will be completed by December 2023. The Indian Railways electrification is expected to touch 46,000 route kilometer (km) or 72% of the total track length in 2021, up from 41,548 RKM on October 1, 2020.
- To further strengthen the safety measure, high density network and highly utilized network routes of Indian railways will be provided with an indigenously developed automatic train protection system that eliminates train collision due to human error.

Currently, the Indian Railways has taken up 498 Railway projects of 49,069-kilometre (km) length, costing ₹6.75 Lakh Crore, which are in different stages of planning, sanction, and execution. Out of this, 58 are considered as super-critical and 68 as critical projects. Besides, to increase the carrying capacity of passengers and ensure meeting the needs of the freight traffic, 247 doublings, 189 new lines, 522 traffic facilities, and 55-gauge conversion works are sanctioned.

## Government Initiatives on Railways Electrification:

Railways are continuously increasing electrification for a better and pollution-free future. The Indian Railways

has taken a number of initiatives in order to transform into 'Green Railways' by 2030, including electrification, improving the energy efficiency of locomotives, fitting bio-toilets in coaches and switching to renewable sources of energy. Indian Railway will move to 100% electrification in next three-and-half years. Indian Railways has completed electrification of more than 40,000 RKM (which is 63% of total broad-gauge routes) in which 18,605 km electrification work has been done during 2014-20. A target of electrification of 7,000 RKM was also fixed by Indian Railway for 2020-21.

Indian Railways is working on an ambitious plan to achieve 100% electrification of its entire broad-gauge network by 2023. Once achieved, the target will help the national transporter save around ₹14,500 Crore annually on fuel bill.

Currently, around 71% of the total BG network of Indian Railways has been electrified. Railway electrification works have been completed on a total of 6015 route kms during FY 2020-21. During the year FY 2020-21 (upto February, 2021), New line / Gauge Conversion / Doubling projects of a total length of 1095 km costing ₹ 10,980 Crore have been commissioned.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Way forward

Indian Railway network is growing at a healthy rate. In the next five years, Indian railway market will be the third largest, accounting for 10% of the global market. Indian Railway is targeting to increase its freight traffic to 3.3 billion tonnes by 2030 from 1.1 billion tonnes in 2017. Indian Railways plans to achieve 2,024 MT (metric tonne) loading in 2024 from the current 1,200–1,300 MT. It is projected that freight traffic via the Dedicated Freight Corridors will increase at a CAGR of 5.4% to 182 MT in FY 2021–22 from 140 MT in 2016–17.

As part of the National Rail Plan for 2030, Indian Railways is expected to create a future-ready railway system by 2030 to bring down logistics cost and ensure 100% electrification of broad rail routes by December 2023.

## ROAD SECTOR

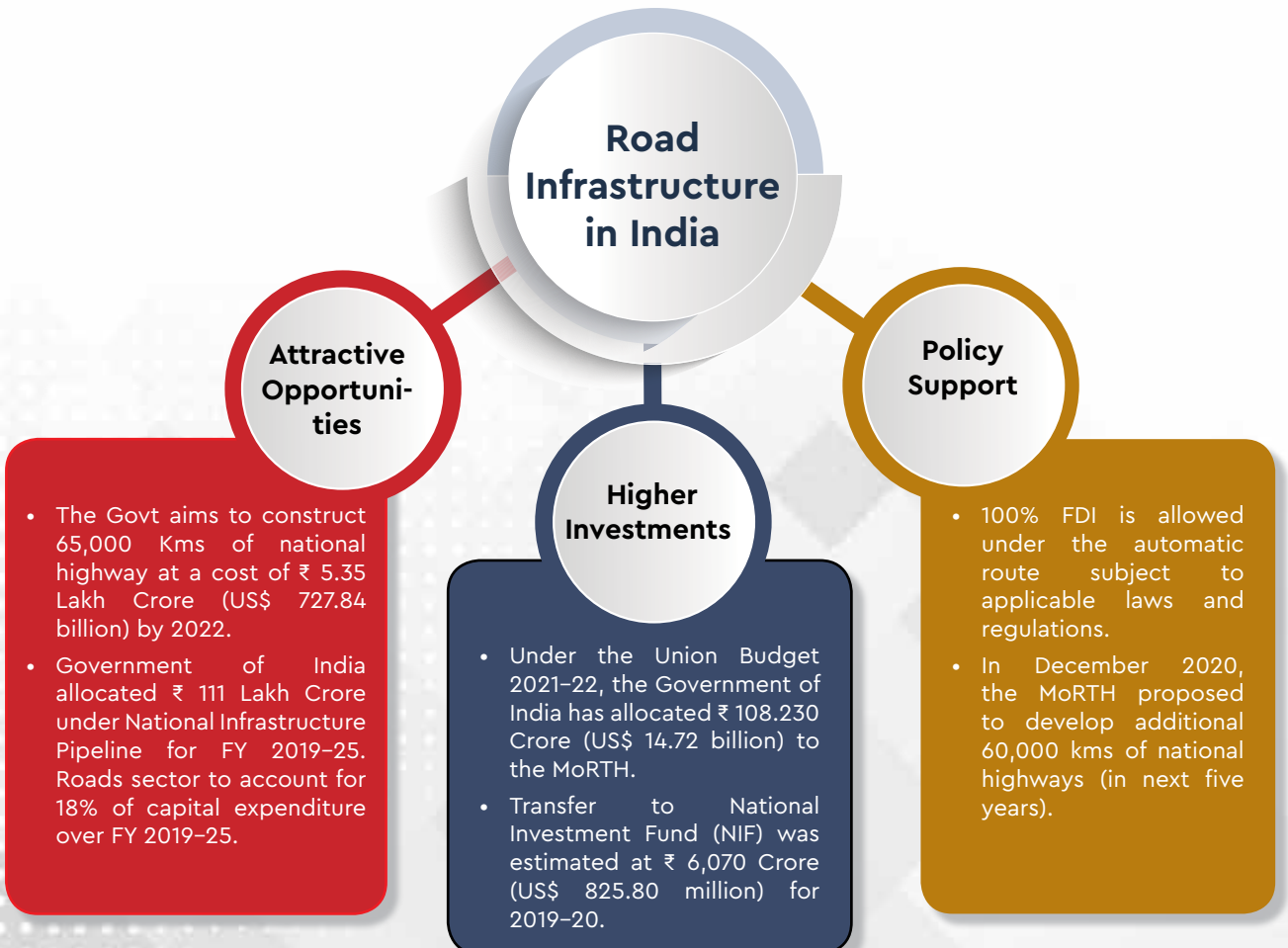
India has the second-largest road network across the world, spanning over a total of 5.89 million km. This road network transports 64.5% of all goods in the country, and 90% of India's total passenger traffic uses the road network to commute. Road transport has slowly increased

over the years, with better connectivity between cities, towns, and villages in the country.

Highway construction in India increased at 17.00% CAGR between FY 16 – FY 21. Despite pandemic and lockdown, India has constructed 13,298 Km of Highways in FY21 against 10,237 Km in FY20. Ministry of Road Transport & Highway (MoRTH) has made a record by constructing almost 37 km (36.4 km a day) of highways every day during FY 2021, in the challenging year of COVID-19, while the highway construction was 28 km a day in FY20 and peaked at 30 km per day in FY 2019.

The Government of India has allocated ₹111 Lakh Crore (US\$ 1.4 trillion) under the National Infrastructure Pipeline for FY 2019–25. The roads sector is likely to account for 18% capital expenditure over FY 2019–25.

In the road's sector, the Government's policy to increase private sector participation has proved to be a boon for the infrastructure industry as many private players are entering the business through the public-private partnership (PPP) model. India is expected to become the third largest construction market globally by 2022.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Government Initiatives as to facilitate implementation of Road Projects:

A 32% increase in the capital outlay for MoRTH in FY22 in the Budget Estimate (BE) over FY21 BE is expected to provide a significant boost to construction of highways, already on an upward trajectory over the past few years.

The total allocation, including revenue expenditure, for FY22 stands at ₹1,18,101 Crore, up from ₹1,01,823 Crore in FY21. The capital allocation for MoRTH for FY22 stood at ₹1,08,230 Crore which is the highest-ever for the ministry against ₹81,975 Crore of FY21, and in FY20, it was ₹68,373 Crore (actual). Of the total allocation, the National Highways Authority of India (NHAI) is allocated a budget outlay of ₹57,350 Crore, up from ₹49,050 Crore (revised estimate) in FY21. NHAI has also been permitted to borrow ₹65,000 Crore in FY22, the same as FY21.

Some of the recent Government initiatives in Road Sector are as follows:

1. More than 13,000 km length of roads, at a cost of ₹3.3 Lakh Crore, has already been awarded under the ₹5.35 Lakh Crore Bharatmala Pariyojana project of which 3,800 kms have been constructed. By March 2022, work of another 8,500 kms would be awarded and complete an additional 11,000 kms of national highway corridors.
2. To further augment road infrastructure, more economic corridors are also being planned by the Government of India in the Budget. Some are:

- a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of ₹1.03 Lakh Crore. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor, for which construction will start next year.
- b. 1,100 km of National Highway works in the State of Kerala at an investment of ₹65,000 Crore including 600 km section of Mumbai-Kanyakumari corridor in Kerala.
- c. 675 km of highway works in the state of West Bengal at a cost of ₹25,000 Crore including upgradation of existing road-Kolkata – Siliguri.
- d. National Highway works of around ₹19,000 Crore are currently in progress in the State of Assam. Further works of more than ₹34,000 Crore covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

The Government has permitted 100% Foreign Direct Investment (FDI) in the road sector. Several foreign companies have formed partnerships with Indian players to capitalize on the sector's growth. The Government also aims to boost public-private investments in the road sector through various schemes like Bharatmala scheme, National Highway Development Project (NHDP), and Pradhan Mantri Gram Sadak Yojna (PMGSY), amongst others. The Government, through a series of initiatives, is working on policies to attract significant investor interest. A total of 200,000 km of national highways is expected to be completed by 2022.



# MANAGEMENT DISCUSSION AND ANALYSIS

## OUTLOOK

Infrastructure sector is a crucial enabler for growth. The government is also keen on the development of the infrastructure sector. According to the NIP, Infrastructure Vision 2025, will focus on 'Meeting Aspirations, Propelling Growth and Facilitating Ease of Living'. Further NIP provides that a total of ₹19.6 Lakh Crore worth of investments will be required in the Road sector over FY20 – FY25. IRCON is poised to grab the opportunity and lead the way in this sector. Similarly, total estimated investment towards Railway sector is ₹13.7 Lakh Crore. Vision 2025 includes 100% electrification of existing railway network and doubling/tripling of sections on high density corridors.

## COMPANY OVERVIEW

Ircon International Limited (IRCON), an integrated engineering and construction company has expertise in major infrastructure sectors including railways, highways, bridges, flyovers, tunnels, metro, railway electrification, EHV sub-stations, electrical and mechanical works, commercial and residential buildings, railway production units, amongst others. It offers Engineering Procurement and Construction (EPC) services on a lumpsum turnkey, EPC and item-rate basis for various infrastructure projects. In addition to this, IRCON executes projects on Build,

Operate and Transfer (BOT) mode and Hybrid Annuity Mode (HAM) by leveraging the financial strength of the Company to build long term wealth.

IRCON has a long-standing reputation as a sectoral leader in Transportation Infrastructure amongst the public sector construction companies in the country with specialisation in the execution of Railway Projects on a turnkey basis or otherwise. The Company is known for its quality solutions, commitment and consistency in terms of its performance.

IRCON has executed many landmark construction projects in the past 45 years both in domestic and international markets. The Company has actively focused on becoming a diversified infrastructure player, both in terms of sectoral and geographical coverage. In 1976, IRCON commenced its business as a railway construction company. Since 1985, the Company progressively diversified into the entire gamut of construction activities and infrastructure services. However, its primary focus and strength have consistently remained deeply rooted in the railway sector.

IRCON is amongst the few construction companies in the public sector to have earned substantial foreign exchange for the country and has consistently paid dividends to the Government.



## MANAGEMENT DISCUSSION AND ANALYSIS

Over the years, IRCON has expanded its business footprints in different geographies such as Algeria, Afghanistan, Bangladesh, Bhutan, Brazil, Indonesia, Iran, Iraq, Liberia, Malaysia, Mozambique, Myanmar, Nepal, Nigeria, Saudi Arabia, South Africa, Sri Lanka, Turkey, UK, and Zambia. So far, the Company has completed over 128 projects in 25 countries across the globe, and over 395 projects in India. In the domestic market, it specializes in working in difficult terrains and disturbed regions. Furthermore, it is an active participant in prestigious nation-building projects.

While IRCON has its presence in many states in India, it intends to further expand its domestic operations across the nation as part of its business growth model.

### LEGAL STATUS AND AUTONOMY

IRCON is a Schedule 'A', and a Mini Ratna – Category I public sector listed company. It is a legal entity separate from the Government, and is a lawfully, functionally, and financially autonomous Company that operates under the corporate laws as an independent commercial enterprise. The Company does not receive any budgetary or financial support from the Government and is not dependent on the Government for any aid or assistance. However, the Government of India through the Ministry of Railways and the Department of Public Enterprises under the Ministry of Heavy Industries and Public Enterprises monitors the Company's performance through a system of Memorandum of Understanding (MOU). It reviews the targets to be achieved every year as part of accountability to the Parliament in respect of all government companies. The Government can and does issue guidelines to regulate and bring about some uniform pattern in the functioning of the Company as a public sector enterprise. However, no Government department has any supervisory authority to exercise control over the Company, which is managed and run under the superintendence, control and direction of its Board of Directors as per the Companies Act.

Subsequent to disinvestment of 10.53% of the paid-up share capital by Initial Public Offer in September 2019, IRCON was required to increase public shareholding to at least 25% by 31<sup>st</sup> August 2021 to comply with the Minimum Public Shareholding (MPS) norms prescribed under Securities Contract Regulations Rules, 1957 which can be achieved by the Government of India by further selling its at least 14.18% holding to the public.

During the FY 2020-21, the Promoter of the Company i.e. "The President of India represented by Ministry of Railways" by way of Offer for Sale (OFS) of Shares through Stock Exchange mechanism disinvested 16% of the equity share capital of the Company i.e. 7,52,41,260 equity shares (5,26,68,882 equity shares to non-retail



**IRCON has executed many landmark construction projects in the past 45 years across the world. The Company has actively focused on becoming a diversified infrastructure player, both in terms of sectoral and geographical coverage.**

investors on March 03, 2021 and 2,25,72,378 equity shares to retail investors on March 04, 2021) at the rate of ₹89.75 per share amounting to ₹675.29 Crore. As a result of the offer for sale, holding of the President of India is reduced to from 89.18% to 73.18% of the paid-up capital of the Company. Hence, w.e.f. March 04, 2021, the Company is in compliance with the provisions of MPS as per SEBI Regulations.

As per 2020 edition of Engineering News Record (ENR) of USA, IRCON is the only Indian PSU to make it to the list of top 250 International Contractors. Further in the Business Standard BS 1000 Annual Magazine released in March 2021, IRCON has been ranked as 180 in 2020 (previous ranking of 2019 was 203) by total revenue, and ranked 10 in terms of sector performance under the 'Construction and Infrastructure' Sector.

In International arena, opportunities exist in countries such as Malaysia, Bangladesh, Maldives, and Sri Lanka for developing infrastructure.

### BUSINESS UNITS / DIVISIONS

Major business units / divisions of IRCON are as follows:

#### 1. Business Development Department

IRCON's Business Development cell is the dedicated marketing team to drive order books, develop and evaluate bidding strategies as well as identifying new business opportunities to generate and nurture leads/opportunities for the company in this fast-paced competitive environment.

In the past years Business Development department of IRCON has secured projects in railway, highway, tunnel, metro, electrical & mechanical, signaling

# MANAGEMENT DISCUSSION AND ANALYSIS

& telecommunication, buildings etc. both in competition and nomination basis. Ministry of Railways has changed its policy of awarding work on nomination basis to railway PSUs, now the railway works are awarded by bidding process among railway PSUs. IRCON through its Business Development department participates in various railways and other department tenders on competitive bidding.

The department focuses on entering into strategic MOUs to explore new business opportunities. IRCON has entered into an MOU with IJM Corporation Berhad to explore possibilities of participation in highway infrastructure projects in India especially being invited on BOT Basis.

The department actively works towards making IRCON a diversified infrastructure player. In this connection the Company has signed an MOU with National Investment and Infrastructure Fund Limited (NIIFL) and AYANA Renewable Power Private Limited (AYANA) to explore and collaborate on opportunities in the solar energy sector. Also, the Business Development team is exploring opportunities for IRCON in Indian High Speed Rail Project and has participated in bidding for some of the packages of Mumbai Ahmedabad High Speed Rail.

The Business Development department of IRCON is aggressively pursuing infrastructure projects in countries such as Maldives, Bangladesh, Sri Lanka. Also, an MOU has been signed between IRCON and RZD International LLC., a subsidiary of government-owned Russian Railways Company, to explore opportunities for joint development of railways and other infrastructure projects in Asia, Africa and Latin America. The Business Development department contributes in formulation of IRCON's policy for the appointment of agents based on the study and analysis by the Business Development team, for securing business opportunities in global market

Awards and Accolades helps in boosting company's reputation and highlighting its achievements. The business development department identifies prestigious awards and applies in various fields.

## 2. Civil Engineering Department

Civil Engineering department is the backbone of the company, earning major share of revenue for the company. Civil Engineering department has a team of dynamic proficient energetic Civil Engineers from top ranking institutes of India such as IIT's, NIT's, etc. Since beginning the company has depended on the strength of Civil Engineers, and has been led by Civil Engineers since incorporation of IRCON. Civil Engineers deployed in Senior & Middle Management



are trained from Top Management Institutes such as IIM's for team building & project delivery. Total Strength of Civil Engineers at 650 Nos. constitute more than 50% of total staff strength, with wide range of experience.

This department has the experience of working in almost entire gamut of Civil Engineering Fields such as Railways, Highways, Bridges, Flyovers, Airports, Commercial & Industrial Buildings, Tunnels, Water treatment Plants, Residential Quarters, etc. Civil Engineers of IRCON are trained to work in remotest areas of the country and abroad for project execution, from its inception to completion using latest state of the art modern Project Management Tools, such as Primavera, TILOS, MS Project, etc. Most of the Civil Engineers of the department are trained in the latest surveying techniques available world over, such as GPS Surveying, Ariel LIDAR Surveying with drone, Total Station Surveying, etc.

This department has completed many Mega Projects, and showcase their competency in completion of projects such as High-Speed Railway Line in IRAQ, Jamuna Bridge Rail Link-II in Bangladesh costing US\$61 Million, Double track project between Seremban & Gemas, Malaysia costing US\$ 1.04 Billion, Upgradation of Railway Lines (4 Contracts) in Northern Province of Sri-Lanka - US\$ 550.20 Million, Completion of 118 Km of Qazigund - Baramulla New BG Railway Line in J&K, Completion of 11.2 Km Pir Panjal Tunnel (The longest transportation Tunnel in India) in J&K.

This department has developed expertise in tunnelling in Himalayas with latest technology, such as NATM and takes the pride in having more than 200 trained tunnel engineers. This department takes the pride in completion of more than 100 km of tunnel mining with their own set of engineers. Another longest transport tunnel of 12.75 km is under

## MANAGEMENT DISCUSSION AND ANALYSIS

advance stage of completion. With the extension of transport networks towards border areas in Himalayas, civil engineering department look forward to contributing in nation building through their expertise in tunnelling.

The department is further able to mark its footprints into exploitation of real estate with completion of Multi-functional Complexes (MFCs) project, which is being commercially operated through one of its subsidiary company. It is also in the process of leasing out Retail Mall and offices, constructed to the latest specifications.

Recently, the Company had gained a sizable share in the highway segment by securing five projects from NHAI on HAM and BOT basis. The Civil Engineering Department is involved in the execution of these projects and monetising the highway assets as per the needs of the NHAI. Further some of the projects for Strategic Reasons have been executed through formation of JV/Consortium with the world's renowned Contractors and Consultants. The projects with the JVs mainly include coal connectivity projects in the States of Chhattisgarh, Jharkhand and Odisha.

Looking at the focus of the government on large infrastructure project, this department will pay a lead role in contributing in the growth of the Organisation.

### 3. Design and Development Department

Design and Development Department provides Engineering Design solutions for Civil works. Over the time, this department has grown and its present services includes – developing in-house Design and Drawing, proof checking of design and drawings submitted by consultants, providing technical solutions to the project problems. The mandate also includes providing quantity estimation duly doing value engineering for competitive bidding domestically and internationally both for Railways and Road Projects.

Along with the above-mentioned capabilities, Design and Development Department is also involved in In-house alignment design of Railway projects such as Akhaura-Agartala New Rail Link Project. It also provides assistance in fine-tuning of alignment of different Railway projects thus ensuring cost optimization. Design and Development Department has also made immense contribution in some of the internationally noteworthy projects eg. Rehabilitation of Railway Link in Northern Province of Sri Lanka, Dona-Anna Railway Project Mozambique, Road project Myanmar, Jayanagar-Bardibasapur Railway project Nepal, etc.

Some of the domestic projects where Design and

Development Department has made immense contribution are Akhaura-Agartala new Rail Link Project, CEWRL, CERL, DFFCIL (CTP-12), JCRL etc.

### 4. Electrical Department

As leading turnkey project execution company in Railway Sector, Railway Electrification wing supports the project in end-to-end solution. The Electrical Department provides expertise in 25 kV Railway Electrification Works, HT Grid & Traction Sub-station of voltage classes up to 400 kV, EHT Transmission line, EHV cabling work, Industrial Electrification of mega industrial plants & Loco Sheds, Power supply distribution network for Cities, Metro Railways (AC & DC Systems) and Airports, Tunnel's Power Supply and Ventilation System, Electrification including Power Supply sub-stations in Metro Railways and Renewable Solar Energy works.

IRCON undertook its first major Railway Electrification Project of Delhi – Ring – Railway in 1980 and offered environment friendly electric traction services to passenger in Asian Games organized in 1982. Thereafter, in its journey of 4 decades, the company has executed 5,754.50 TKM of Railway Electrification work in India & abroad and established itself as leader in the market.

IRCON has executed many H.T. sub-station work upto 400 kV in India and abroad. Majority of sub-station works in all three phases of DMRC are executed by IRCON. IRCON has also acquired capability to execute Gas Insulated Sub-station (GIS) and Transmission Line projects up to 220 kV.

Tunnel Ventilation and its power supply in long Rail Tunnel is highly technical and challenging work which was successfully executed in Pir-Panjal Rail Tunnel. With the experience and expertise IRCON has in the Electrical field, it has entered into a new field of India's first Semi High Speed Rapid Transit System Electrical works and executing Delhi – Meerut Section. This is the emerging field in Railway traction.



# MANAGEMENT DISCUSSION AND ANALYSIS

In Mission Railway Electrification, IRCON is executing more than 2500 RKM and 29 sub-station works.

## 5. Mechanical Engineering Department

Mechanical engineering department is a team of proficient, experienced as well as young, dynamic and energetic mechanical engineers. It has the capability to design, install and commissioning of new rolling stock production unit, workshop or diesel shed apart from re-engineering the existing units with the objective of increased production / out-turn in an efficient and economical ways by having the optimum utilization of resources as per the requirement of the end use customer from domestic as well as foreign market. Team is also capable for handling operations and maintenance of Rolling assets.

Our team delivers the projects in time even with crashed target as per the customer requirement by utilizing the latest project management tools such as MS Project, Six sigma, Primavera etc. along with the mobilizing of physical resources across the globe.

This department has not only setup the Modern and State-of-the-Art Stainless Steel Coach Production units at Rai-bareilly in a record time and beating the targets by a leap, but also upgraded the diesel sheds so that it can simultaneously home Diesel as well as Electric Locomotives recently.

Coach production facility at Rai-bareilly is an engineering marvel and is an integrated unit having all the facilities for turning out a finished coach from the basic raw materials such as rolled steel sheets. This facility has Coach/Shell fabrication Line, Robotized welding equipped Bogie Fabrication Shop, furnishing, finishing shop, Wheel Shop, State of the art Paint Shop along with all the subsidiary systems such as Material auto storage and retrieval system



etc., Power Substation along with one of the largest Solar park of 3 MW in the area, residential colony for working personnel as well as for top management along with 100 bedded hospital, cricket stadium, athletic track, FIH certified Hockey stadium and 18 hole golf course apart from other facilities. This makes the unit as self-sustaining unit.

Exporting of locomotives, freight wagons and passenger cars along with leasing and maintenance of locomotives, track machines are other key capabilities of the department. Thus our mechanical department is having expertise in all domain areas of Rolling Stock asset management i.e. right from areas of construction of facilities to maintenance of assets along with Business Process Re-engineering of existing facilities. This experience has been gained by implementing large projects not only in INDIA but also at abroad for various government and / or multilateral funding agencies & other organizations.

Apart from above, projects undertaken by the department includes Setting up of Wheel Shop at Rail Coach Factory, Kapurthala; Augmentation of Diesel Loco Shed, Vishakhapatnam; Supply of 10 (Ten) units YDM4 (Meter Gauge) Locomotives to Royal Railways, Cambodia; Supply of 6 (Six) units 2300HP AC/DC (Broad Gauge) Locomotives with Co-Co bogies to Sri Lankan Railways, Sri Lanka; Leasing and Maintenance of Diesel Loco to KTMB, Malaysia where in more than 85% availability of rolling assets has been obtained for a span of more than two decade, this itself reflects exceptional capability of IRCON for maintaining rolling assets.

## 6. Signal & Telecom Department

Since its inception in 1976, IRCON has been providing turnkey Signalling solutions in India and abroad; and has unique distinction of executing Signaling & Telecom (S&T) projects in various countries as per their local codes, manuals and standards. With in-house design, construction and project management capabilities, all projects have been delivered satisfactorily on agreed timelines. IRCON has executed number of state-of-the-art Signaling projects, starting from Relay Interlocking to Computer Based Interlocking (CBI), Automatic Train Protection (ATP), Centralised Traffic Control (CTC) systems and unique Rail Infra Condition Monitoring System (CAS). No other organization in India has experience of such diverse and state of the art signaling projects. IRCON has been at the forefront of technology in execution of telecom works, and have recently executed Multiprotocol Label Switching (MPLS) and Synchronous Digital Hierarchy (SDH) technology projects in Sri Lanka, South Africa, Malaysia and India.



## MANAGEMENT DISCUSSION AND ANALYSIS



Based on this technology, IRCON has executed IP-EPABX, IP-CCTV, PA system and Passenger Amenity items.

### 7. Estate Management Department

Real estate sector is one of the most globally recognized sectors and in India, it is the second largest employer after agriculture and has witnessed high growth in the recent times with rise in demand for office as well as residential spaces. The real estate sector comprises four sub – sectors – housing, retail, hospitality and commercial.

Over the years, from diversification into entire spectrum of infrastructure such as Highways and Expressways; Power sub-stations, transmission and distribution; Industrial & Commercial Buildings and Townships etc., IRCON's nature of business too has changed over the last 45 years from a construction company to a project development and operation company undertaking full gamut of activities like BOT projects, leasing and consultancy services, real estate and commercial operations among other activities.

Among real estate projects, IRCON has constructed many commercial, institutional buildings, Railway Stations and townships in India. The list includes some very prominent projects wherein IRCON was involved from concept to commissioning of the project. IRCON has credits to develop projects like; multi-storied commercial complexes for CIDCO in Navi Mumbai; 500 bedded hospital in Bhopal; Veterinary Science Animal Husbandry college campus in Aizwal, three major residential townships at Jhansi, Bhopal and Allahabad for Ministry of Defense, Projects connected to Pusa University, Banaras Hindu University, CIFE, Mumbai, Vashi Railway Station. Among Townships project, Rail Coach Factory at Kapurthala as well as

at Rai Bareli. IRCON has developed its own corporate office which is a modern and smart office featuring all elements of Green Building. Some of the other prestigious project relating to Real Estate Sector involves development of Multi-Functional Complexes (MFC) at 23 Railway Stations of Indian Railways. MFCs are commercial complexes which are constructed in station premises for providing rail users facilities like shopping, food stalls and restaurants, book stalls, PCO/STD/ISD/Fax booths, medicine & variety stores, budget hotels, underground parking etc.

Foreseeing the growth in Real Estate Sector, during its journey IRCON has accumulated a large portfolio of Real Estate Properties, a lot of assets owned by IRCON in Metropolitan cities such as Mumbai, Chennai, Kolkata and Bangalore etc. Furthermore, keeping in view the tremendous potential in the Real Estate Sector IRCON identified urgent need to consider selective diversification into real estate projects. In this regard, IRCON has acquired various plots at NOIDA, in the State of Uttar Pradesh and Gurugram, in the State of Haryana for commercial development purpose. Considering the high demand, IRCON has developed One Retail Mall, Sector – 43, Noida, U.P., two commercial-cum-office complexes each in Sector – 1 and Sector – 48, NOIDA (U.P) and two Office Buildings in Gurugram with a facility of training center for 50 persons & a 250 seating capacity Auditorium.

Presently, Government of India has embarked on transformation programme of creating smart cities to enhance quality of living of citizens of the country and making it become global powerhouse. The initiative is aimed at ushering in an era of sophisticated modern living. In line with the vision of Government, Land Monetization and Station Re-development are thrust areas in Real Estate Sector.



# MANAGEMENT DISCUSSION AND ANALYSIS

Keeping in line with Government vision, IRCON under the land monetization model has entered into arrangement with Railways/RLDA to act as PMC – fee based services (for monetization of Bandra Plot at Mumbai and Space at 12 Railway Stations) or as a Co-developer for Safdarjung Railway Station for development of Residential Space or Commercial Space.

With the objective of growth in the Real Estate business in medium and long terms viz., development of the plots, taking up construction of buildings, leasing and / or sell out of the immovable properties and other matter related to the properties like tax & legal matters, IRCON has set up the Estate Management Department (EMD). EMD at IRCON is a professionally managed Real Estate Division that would manage IRCON's existing real estate and undertake real estate development projects including property tax matters.

## FINANCIAL PERFORMANCE

Financials of FY2021 are not strictly comparable with FY2020 due to COVID-19 adversities which remain almost throughout the year. During FY2021, the total income of

the Company stood at ₹ 5200 Crore as against ₹ 5,442 Crore in the previous financial year, thus showing a decrease of 4.44%. Around 95.15% of the Company's total income, that is, ₹ 4948 Crore has been recorded from operations which is 4.89% lesser as compared to the operating turnover of ₹ 5202 Crore of FY2020. Out of the total amount of operations, 11.76%, that is ₹ 582 Crore has been achieved through international projects showing an increase of 31.30% as compared to the FY2020 of ₹ 443 Crore.

The Profit Before Tax (PBT) and Profit After Tax (PAT) are decreased by 14.65% and 17.40%, respectively and it stood at ₹ 574 Crore and ₹ 405 Crore, respectively.

The details of interim dividend paid and proposed dividend for consideration and declaration by the shareholders, over and above the interim dividend at the forthcoming AGM are mentioned in the Directors' Report under 'Financial Highlights'.

## Key Financial Ratios

The details of significant changes (that is, change of 25% or more as compared to FY2020 in the key financial ratios) along with detailed explanations thereof is placed below:

S. No.	Name of Ratio	Formula	FY 2021	FY 2020	% Change in ratio as compared to FY 2020-21	Remarks
1.	Debtors Turnover	Revenue from Operations / Average Account Receivables	9.30	9.77	(4.85)	-
2.	Inventory Turnover	Operating Expenses / Average Inventory	19.69	13.55	45.27	Average inventory has decreased in comparison to previous year.
3.	Interest Coverage Ratio	EBIT / Interest Expense	104.61	37.55	178.58	Interest expenses has decreased considerably in comparison to previous year.
4.	Current Ratio	Current Assets / Current Liabilities	1.22	1.15	6.19	-
5.	Debt Equity Ratio	Debt / Total Shareholders' Equity	-	-	-	The ratio is not applicable due to offsetting of loan from Indian Railway Finance Corporation with amount recoverable from Rail Land Development Authority. Accordingly, previous year figure has been re-stated.
6.	Operating Profit Margin (%)	(PBT-Other Income)/Turnover	0.065	0.08	(21.99)	-
7.	Net Profit Margin (%) or sector-specific equivalent ratios, as applicable	Net Profit / Total Income	0.078	0.09	(13.56)	-

## MANAGEMENT DISCUSSION AND ANALYSIS

S. No.	Name of Ratio	Formula	FY 2021	FY 2020	% Change in ratio as compared to FY 2020-21	Remarks
8.	Return on Net Worth	Net Profit / Average Net Worth	0.094	0.12	(21.81)	There has been decline in the ratio due to lower profitability in the current year. Higher profitability in the previous year was mainly due to income tax refund and one time write back/reversal of Agency Commission payable for foreign projects.

During FY2021, the Company has complied with the guidelines prescribed by the Accounting Standards while preparing the financial statements (standalone and consolidated), and no deviation has been made in the reporting of the financial information.

### OPERATIONAL PERFORMANCE

#### SECTORAL PERFORMANCE

During FY2021, around 86% of the revenue earned by IRCON is contributed by the Railway sector. The main focus business area for IRCON is Railways, however, the Company is also concentrating on Highways business, which generates approximately 14% revenue and remaining from electrical and building works.

Sector-wise comparative position for the last three years is as follows:

### PROJECTS UNDERTAKEN DURING FY2020-21

Ministry of Railways has changed its policy of awarding work on nomination basis to railway PSUs, now the railway works are awarded by bidding process among railway PSUs. IRCON participated in various railways tender on competitive bidding and has been awarded the work of ₹4,097 Crore.

IRCON's order book, as on March 31, 2021, stood at ₹34,689 crore (approx.) with ₹32,916 crore value of work in Railways section on nomination and competition basis.

During the year, the Company completed 05 projects in domestic markets, the details of which have been mentioned in the Directors' Report.

(₹ in crore)

Sectors	FY2021		FY2020		FY2019	
	Operating Income	%	Operating Income	%	Operating Income	%
Railways	4,215.21	85.20	4,128.21	79.36	3,741.01	84.73
Highways	718.56	14.52	953.17	18.32	554.62	12.56
Electrical	0.02	-	25.06	0.48	97.35	2.20
Buildings	1.66	0.03	1.08	0.02	5.26	0.12
Others	12.32	0.25	94.54	1.82	16.86	0.39
<b>Total</b>	<b>4,947.77</b>	<b>100</b>	<b>5,202.06</b>	<b>100</b>	<b>4,415.10</b>	<b>100</b>

### SEGMENT WISE PERFORMANCE:

(₹ in crore)

Sectors	FY2021		FY2020		FY2019	
	Total Income	%	Total Income	%	Total Income	%
Foreign	590.12	11.35	476.31	8.75	604.46	12.92
Domestic	4,610.19	88.65	4,965.41	91.25	4,075.08	87.08
<b>Total</b>	<b>5,200.31</b>	<b>100</b>	<b>5,441.72</b>	<b>100</b>	<b>4,679.54</b>	<b>100</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## UPCOMING PROJECTS

IRCON has around 52 ongoing projects in its portfolio. Out of which, four are located in international markets in Algeria, Bangladesh, Nepal and Sri Lanka and remaining projects are in the domestic market.

## STRENGTHS

**A Prudent and Diversified Business:** Since its inception, IRCON has diversified its business operations into various infrastructure segments. The Company is an established player in the field of railways and highways construction. Furthermore, it caters to the needs and requirements of its customers in additional areas of commercial and residential complexes, power transmission lines, industrial lighting, bridges, and flyovers. IRCON has maintained its track record of on-time and high-quality project completion. These characteristics have helped the Company in developing a strong reputation resulting in increased opportunities to bid for prominent companies.

**Established Track Record and Proven Project Execution Capabilities:** IRCON began operations as a railway construction company and further diversified into other construction activities. However, railways and highways continue to be the core operation areas of the Company contributing around 85% and 14% to the revenue respectively during the year under review. Furthermore, IRCON has demonstrated exceptional capabilities in project execution of large magnitudes in both domestic and international markets.

**Strong Financial Performance and Credit Profile:** IRCON has a strong credit profile that includes non-fund based standby bank limits of ₹3500 Crore out of which as on March 31, 2021 approximately ₹1792 Crore has been

utilized. As of March 31, 2021, the financial profile of the Company is characterized by healthy profitability margins and a comfortable liquidity position. After approval and payment of the final dividend, the cumulative dividend upto FY2021 is ₹2,139 Crore approximately as against a capital investment of ₹4.94 Crore in the initial years. Additionally, the stable business model of the Company has contributed significantly to its financial strength. IRCON's working capital requirement for its projects is principally met through client advances as well as internal accruals, mainly supported by its business growth and capability to execute large and complex projects in difficult terrains and territories.

IRCON has been rated as (i) Care AAA' rating for long-term non-fund based credit facilities; and (ii) 'A1+' rating for short term non-fund based credit facilities since 2017 by Credit Analysis & Research Limited (CARE).

However, COVID-19 pandemic affected business activities worldwide but the Company believes that thus far, there is no significant impact of COVID-19 pandemic on the financial performance of the Company in terms of revenue and profitability.

**Steady Execution and Robust Order Book:** IRCON caters to domestic as well as international markets and receives its order book through competitive bidding and on nomination. Ministry of Railways has changed its policy of awarding work on nomination basis to railway PSUs, now the railway works are awarded by bidding process among railway PSUs. With the experience of various executed Railway projects and cost-effective approach, IRCON is in a better position to compete with other Public Sector Undertaking while bidding for Railways projects on competitive basis. The Company's client



## MANAGEMENT DISCUSSION AND ANALYSIS

base is primarily dominated by the Central and State Government undertakings such as Ministry of Railways, National Highway Authority of India and Delhi Metro Rail Corporation Limited amongst others, which mitigates the counterparty risk to a large extent.

**Processes and Methodologies:** IRCON has established the best processes and methodologies in the industry to provide economical solutions and quality output while meeting tight schedules on the most challenging projects. With the Company's diversification into various infrastructure projects, its expertise and professional approach to project execution, IRCON has not only widened its horizons of work thereby reducing dependence on any one sector or type of project, but also propelled itself to traverse the physical boundaries of the country.

**Geographical Coverage:** IRCON has an extensive geographic footprint that has helped the Company to explore and diversify in various contracts such as DBFOT, EPC, HAM, Annuity amongst others. It has also developed projects through strategic business arrangements such as Joint Ventures and Special Purpose Vehicles. As of FY2021, the Company has developed projects in 25 countries and 24 states in India.

**Experienced Human Capital and Proven management Team:** The strength of IRCON lies in its team of trained and experienced manpower. The team has an exceptional talent pool of professionals with expertise in Railways and Highways, Design and execution Engineers and Business Development Managers. They work on high-value projects based on EPC, DBFOT and HAM models. Additionally, the skill sets of its employees give the Company the flexibility to adapt to the needs of its clients and the technical requirements of the various projects that it undertakes. Furthermore, IRCON is committed to the development of its employees through regular technical seminars and training workshops organised by the Company or reputed institutes. It has a management team that is qualified and experienced in construction and infrastructure development.

### SCOPE AND OPPORTUNITIES

**Economic and Sectoral Initiatives:** There are various economic and industry initiatives undertaken by the Government to enhance economic growth coupled with the revival of interest in the development of the infrastructure sector. Despite the headwinds faced by the economy due to the emergence of COVID-19, the budget allocated for the railway sector has not been compromised by the Government. Additionally, the Ministry of Railways has decided to invite PSU companies for significant railway projects. This development offers IRCON further opportunities to embark on high-



**IRCON has adopted advanced technology and construction methodology that ensure edge over the competitors while also improving the Company's operational efficiency.**

quality government projects. The Company is exploring additional infrastructure development opportunities in sync with the priority projects of the Government such as Smart City Mission and Metro Rail. It is also pursuing opportunities in the highway projects in Indian states, connecting habitations with rural roads through Pradhan Mantri Gram Sadak Yojana (PMGSY), re-development of railway stations. IRCON's joint venture company viz. Indian Railways Station Development Corporation (IRSDC) has a responsibility to construct 400 Class-A stations, which generates an opportunity for the Company to develop high-quality railway stations.

**Solar Energy Sector:** India is committed to install 40% of cumulative electricity from non-fossil fuel energy by 2030 and major solar projects have to be undertaken to fulfill the aspirations and commitments of renewable energy. Considering the immense potential in this area and experience gained by IRCON in execution of PPP Projects and 3MW Solar Power Plant at Modern Coach Factory, Rae Bareilly, IRCON intends to foray into the area of Solar Power Development and is participating in Request for Selection (RFS) floated by Indian Renewable Energy Development Agency Limited (IREDA) for "Selection of Solar Power Developers for setting up of 5000 MW Grid connected Solar PV Power Projects in India (Tranche-III) under Central Public Sector Undertaking (CPSU) Scheme Phase-II (Government Producer Scheme)".

**International Projects:** The bottom line of IRCON has consistently remained in a healthy position due to its portfolio of quality international projects. The Company has formulated its policy for the appointment of agents that will help it in getting business opportunities in the global markets. IRCON is aggressively pursuing infrastructure

**Total number of projects delivered**

523

43

# MANAGEMENT DISCUSSION AND ANALYSIS

projects in countries such as Bangladesh and Sri Lanka. Additionally, the Company will be participating in the African countries for railway and highway projects.

## STRATEGIC MOUs AND ALLIANCES

IRCON has entered into strategic MOU to explore new business opportunities. It has entered into an MOU with RZD International LLC., a subsidiary of government-owned Russian Railways Company, to explore opportunities for joint development of railways and other infrastructure projects in Asia, Africa and Latin America. Additionally, the Company has signed an MOU with National Investment and Infrastructure Fund Limited (NIIFL) and AYANA Renewable Power Private Limited (AYANA) to explore and collaborate on opportunities in the solar energy sector. IRCON and AYANA to form JV/Consortium, IRCON will identify opportunities of solar energy production for consumption requirements of Indian Railways. IRCON has also entered into an MOU with the IJM Corporation Berhad, Malaysia to explore possibilities of participation in highway infrastructure projects in India especially being invited on BOT Basis.

The Company has also signed MOU with Rail Tel Corporation of India Limited (RailTel) to engage with RailTel for the provision of digital services provided by them presently or as available in the future. IRCON has signed an MOU with Engineering Council of India to promote practice of continuing education and training to upgrade the quality of engineering professionals and is working for the advancement of engineering profession in various disciplines. IRCON has also signed Memorandum of Cooperation (MOC) with Construction Industry Development Council (CIDC) to promote efficient and optimum use of resources to derive maximum efficiencies for delivering quality projects and on time and within budget. To promote assistance, guidance and information relating to facilities for all types of domestic, international & commercial consultancy IRCON has entered in an MOC with International Council of Consultants (ICC). IRCON has also signed an MOC with Indian Society for Trenchless Technology (IndSTT) to promote the application of trenchless technology in its projects.

**Project Models:** There are several high-value projects expected in the Highway sector on EPC, DBFOT, HAM and Annuity basis. IRCON has founded five wholly-owned subsidiaries as SPVs for the execution of projects on BOT, DBFOT, and HAM basis and hold a strategic share in joint venture companies formed for coal connectivity projects in three states of India. The Company is geared up to undertake turnkey projects under several project execution models including EPC, HAM and Annuity basis.

**Technological Advancements:** The Company adopts advanced technology and construction methodology

that ensure edge over competitors. It further improves operational efficiency, establishes credibility, enhances order book value and drive customer satisfaction. Furthermore, IRCON aims to accordingly train its employees to get familiar with trending technologies and is also exploring infrastructure projects that require the latest technology.

## KEY CONCERN AREAS

**Significant competition in the marketplace:** IRCON operates in a competitive environment and contends against various domestic and foreign engineering, construction and infrastructure companies. The industry in which IRCON functions, is subject to intense price competition for the acquisition and bidding of projects. Its competition varies depending on the size, nature, complexity of the project and the geographical region of the project. Additionally, it strives to leverage its financial resources as well as industry expertise to increase its competitive edge. While service quality, technological capacity and performance, health and safety records of the workforce and reputation are essential considerations in clients' decisions, competitive price is also a critical factor.

IRCON being a dominant player in the railway infrastructure segment and a significant player in highways sector, has been able to secure a fair share of business for the Company in the past. However, fierce competition from other players has made it difficult for the Company to compete in Item Rate Contracts. Furthermore, with the employers diluting the qualification requirement, a sizeable number of contractors are diversifying in the Railway segment thereby increasing the competition for the Company.

Majority of the new organizations in the infrastructure sector are willing to take higher risk and work at low profits to increase their order book position and capture a wider share of the market. This further increases the competition for IRCON in the industry.

Although every organization has to work within a certain legal framework, IRCON as a public sector company faces more constraints that are not applicable to private sector companies. This puts IRCON at a disadvantageous position in a competitive market. The contracts are awarded to IRCON following competitive bidding processes where the Company is meeting the prescribed pre-qualification criteria. The Company's competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project has to be executed.

The Company is operating in a highly competitive and price cutting environment of the construction industry where profit margin is declining due to increased

## MANAGEMENT DISCUSSION AND ANALYSIS

competition in the traditional areas of operation.

The Company has to prepare itself to expand its footprint in high technology and high value projects like High-Speed Railway projects and PPP investment projects.

**Work stoppage and shortage of labour:** IRCON business operations are labour intensive, requiring contract employees for specific projects hired by the sub-contractors. However, the COVID-19 pandemic has triggered a massive reverse migration of thousands of labours. Consequently, this might result in a labour crunch and construction halt, which may impact the completion and delivery of certain projects. Further, the increased cost to the sub-contractor for health, hygiene and well-being are required to ensure smooth running of operations during the pandemic including social distancing as well as taking new laws and regulatory compliances into account will in turn increase the cost of construction.

**Currency exchange rate fluctuations:** IRCON has diversified its operations into new geographies such as Sri Lanka, Bangladesh, Malaysia, Ethiopia, and Mozambique. Currently, the Company is working on projects in Algeria, Bangladesh and Sri Lanka.

For projects located outside India, the payment terms are denominated in foreign currencies and the Company has to bear the cost of adverse exchange rate movements as per the terms and conditions of such contracts. Accordingly, any fluctuation in the value of the Rupee against these currencies will reflect on the Rupee cost to it of servicing and repaying any obligations that IRCON may incur. This factor exposes the Company to exchange rate risk, which may have an adverse effect on its results of operations and financial condition.

### RESPONSE TO COVID-19

The coronavirus (COVID-19) has created the biggest global crisis, sending shock waves through health systems, economies, and societies around the world. It continues to impact key geographies that we operate in, with almost all countries are reporting second wave of infections. The action taken by various government to contain the pandemic, such as closing of borders and lockdown restrictions, have resulted in significant disruption to normal operations of the Company by way of interruption of project execution, supply chain disruption and unavailability of personnel.

### Financial performance:

Due to the impact of lockdown during the first quarter of the year and pressure on supply chain to some extent in the 2<sup>nd</sup> quarter, the revenue and profitability target was revised keeping a steep target in the 2<sup>nd</sup> half of the year.

The Company did well during the 2<sup>nd</sup> half of the year and surpassed its previous year's performance during this period and ultimately able to achieve the turnover near to the target set by the Ministry of Railways. However, the result for the year ended are, to that extent, not comparable with those for the previous periods.

### Order Strength:

The Company has access to sufficient liquidity for its operations and also its strong order book of approx. ₹34,600 Crore provides sufficient cashflow visibility.

### Steps taken for smooth functioning:

The Company has continued with stringent monitoring processes for COVID-19 ensuring thermal screening of all employees and visitors, sanitizing the premises and vehicles on regular basis, maintenance of social distancing at all work places and enforcing wearing of masks. Further, the Company initiated several measures to help its employees and their families, including establishing COVID care centers, vaccination centers, and providing them access to medical care facilities.

### Estimation of the future impact of COVID-19:

The Company has considered the possible effects that may result from COVID-19 in the preparation of its financial results including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID-19, the Company has used internal and external sources of information and expects that the carrying amount of the assets will be recovered.

The actual impact of the 2<sup>nd</sup> and possible 3<sup>rd</sup> wave of this 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.

## BUSINESS STRATEGIES

### Expanding Geographical Footprints in Domestic and International Markets:

IRCON has actively concentrated on becoming a diversified infrastructure player, both in terms of sector and geographical coverage and has extended its expertise into transportation engineering, civil and industrial construction, and other infrastructure projects. Additionally, with the established presence in the Indian market, IRCON further intends to cover the unexplored areas within the country. IRCON believes that this will help in enhancing its portfolio with projects proposed by the Government of India would further consolidate

# MANAGEMENT DISCUSSION AND ANALYSIS

its position in the infrastructure sector. IRCON plans to build its strategy of diversifying across industry segments through new engines of growth. Also, while it continues to focus its efforts in the railways sector, through portfolio diversification, it hopes to hedge against risks in specific areas or projects, and protect itself from market variations resulting from business concentration in particular industry sectors and/ or limited geographical areas. IRCON endeavors to enhance its portfolio with projects in the international markets to achieve healthy profit margins offered by these projects. With sound expertise and solid performance, increasing experience and success, the Company expects to see a steady growth in its business with a rate of expansion comparable to or better than the best in the construction industry.

Furthermore, the Company aims to endure its strategy of diversifying across industry segments and increase orders from international markets to capture healthier profit margins as compared to domestic projects.

**Modes of Revenue Generation:** IRCON is gradually moving from generating income only through individual projects to regularly generating revenue and profits through its Subsidiaries and Joint Venture companies (JVs). The Subsidiaries and Joint Venture companies of IRCON are likely to generate revenue and profits on a sustained basis because of the continued operation of existing projects and new projects. The Company's goal is to move ahead from being a construction company to a diversified company having a portfolio of BOT, DBFOT, EPC and other contracts as well as project development and operation through Subsidiaries and JVs.

**Active Bidding of New Projects:** IRCON's business growth is attributed principally to an increased bidding activity to procure large projects awarded by the Government agencies. With the Company's long-standing reputation and expertise in the execution of railway projects on a turnkey basis, a large part of its business is driven by the projects, which are directly awarded by the Government. Additionally, IRCON aims to capitalize on its advantageous position over its competitors, both in terms of proficiency and financial position to undertake large-high-quality projects driven by the growth of the Indian economy. The various initiatives promulgated by the Government of India will help in continuing the growth momentum for the Company.

The Company also endeavor to formulate strategic alliances both in the domestic and foreign markets with other major private players and participate in bids

## IRCON's strong order book

46 ₹ 34,689 cr.



**IRCON's extending geographical coverage within the country is expected to provide the Company the headroom to undertake projects proposed by the Government of India and further consolidate its position in the industry.**

aggressively to further expand its horizon of business opportunities.

**Favorable Financial Risk Profile:** IRCON's financial profile indicates healthy profitability margins and comfortable liquidity position, which has contributed to its operational performance. The Company intends to sustain its positive capital structure with minimum debt by leveraging advances received from the clients and internal accruals for working capital requirement towards projects. Furthermore, IRCON aims to achieve higher profitability, but it avoids over-leveraging its balance sheet or undertaking projects that can affect its financial stability.

**Substitution loan by the wholly owned subsidiaries:** IRCON has formed various wholly owned subsidiary companies as special purpose vehicles (SPVs) for execution of the highway projected entrusted by the National Highway Authority of India (NHAI) and to meet the fund requirements of these SPVs, IRCON has made investment by way of equity and loan from time to time. These SPVs are having long concession period; hence, to liquidate IRCON funds, substitution loan facilities from the Banks / Financial Institutions have been availed by few of the SPVs. On disbursement of loan by these SPVs, loan funded by IRCON are refunded, thus, improving the financial strength of the Company.

**Sectoral Initiatives Undertaken by the Government:** Over the years, the Government of India has issued various macro-level and sectorial initiatives to improve the economy. The infrastructure sector has been one of the top-most priorities of the Government, particularly the Railway & Road sector. With the increased interventions of the Government to develop infrastructure, IRCON has been able to receive multiple opportunities for its



## MANAGEMENT DISCUSSION AND ANALYSIS

business. The Company aims to capitalize on these opportunities by leveraging its established track record and diversifying its infrastructure know-how into transportation engineering, civil and industrial construction, and other infrastructure projects.

**Attract and Retain Talent Pool:** IRCON recognizes the importance of its talented employees and the role they play in the Company's success. It relies on them to operate the modern construction equipment, complete various tasks on its complex construction projects, and deliver quality performance to its clients on a demanding timeline. With an efficient human resource system, IRCON continues to focus on improving health, safety, and environment for its employees. It intends to further strengthen its workforce through regular on-job skill development and training programs. Additionally, IRCON aims to provide a congenial and safe working atmosphere to its women employees. The Company has an Internal Complaints Committee (ICC) for the prevention of sexual harassment at the workplace and regular programs on gender sensitization are being organized by inviting external faculties from the reputed organizations. It also arranges workshops, exclusively for women employees, which covers health, and nutrition-related areas. This is done in collaboration with senior doctors. In addition to these efforts, IRCON also intends to maintain a relatively low employee attrition rate and retain more of its skilled workers for its future expansion. This is done by providing better overall benefit packages and a safer and healthier working environment.

### RISK MANAGEMENT

The Company has an elaborate Enterprise Risk Management (ERM) framework in place. As per the ERM framework and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, IRCON has a well-placed Board Level Risk Management Committee (RMC), which reports to the Board and Audit Committee about the risk elements, and their mitigation plans, amongst others. Additionally, the RMC is entrusted with the responsibility to identify and review the risks and formulate action plans and strategies for risk mitigation. The primary function of the RMC is to monitor various risks and examine the adequacy of the risk management policy. It also assesses the practices adopted by the Company and initiates strategic actions for the mitigation of risks arising in operations and other critical functional areas of the Company.

As per the ERM framework, IRCON has a Rapid Action Group at Executive Director (below Board) and Chief General Manager Levels, business group, and internal audit to ensure the implementation of the policy. Furthermore, the Risk Management Policy, Risk Management Processes, and MIS reports formats, including the reports

on Risk Management, have been evolved following the Framework. The reports from the Rapid Action Group and Internal Audit are required to be submitted to the Audit Committee for review.

The major risks cover the following:

#### Project Management Risk

In India, a major concern for IRCON in the execution of projects is the non-availability of encumbrance free land and delayed approval of drawings and estimate due to which there is a risk of time and cost overruns which are seldom compensated by the client. Furthermore, it is difficult to predict the revenues generated from the projects and are subject to variations driven by various factors.

#### Treasury Risk and Liquidity Management

IRCON was assigned a 'CARE AAA' rating by Credit Analysis & Research Limited (CARE) for the long-term non-fund based credit facilities and an 'A1+' rating for short-term non-fund based credit facilities in 2008-09 based on BASEL II norms of the Reserve Bank of India. These ratings were reaffirmed in an annual surveillance review by CARE in September 2020.

The Company has continued to optimize its surplus funds by adhering to an efficient decision-making process of investing its surplus funds in deposits with banks, mutual funds and corporate bonds within the framework and guidelines of Government bodies, Department of Public Enterprises (DPE), Companies Act, 2013 and those approved by its Board of Directors. The investment made by the Company are periodically reviewed by the Board of Directors.

Additionally, IRCON conducts its business in various countries and, therefore, has to deal in foreign currencies. Execution of projects abroad necessitates investing some funds in foreign banks to take care of any emergency arising on account of temporary cash flow mismatch. However, dealing in foreign currencies involves foreign exchange risk, and the exchange rate may change unfavourably before the currency is exchanged. The Company has a sound currency risk management policy in place covering various aspects of currency risk management, benchmarking, hedging and risk appetite, permissible instruments, structure the risk management committee and treasury group, reporting procedures etc. To minimise this risk, the currency fluctuations are continuously monitored, and surplus funds are converted and repatriated to India at the appropriate time, and in accordance with the laws. Efforts are made to provide a natural hedge by matching foreign currency inflows and outflows from various international projects. Furthermore, the investment guidelines for foreign projects have been formulated to ensure the placement of funds with foreign

# MANAGEMENT DISCUSSION AND ANALYSIS

banks fairly and transparently.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

A properly designed and consistently enforced system of operational and financial control helps the Company's Board of Directors and management to safeguard the resources, produce reliable financial reports, and comply with laws and regulations. Effective internal control also reduces the possibility of significant errors and irregularities and assists in their timely detection when they do occur. IRCON has an adequate internal control mechanism and an Internal Audit System commensurate with its size and nature of business for enhancement of efficiency in operations and to ensure compliance with applicable laws, rules and regulations. Company has structured policies and guidelines for optimal delegation of authority for facilitation of business.

The internal control system has been further strengthened through the followings:

### Internal Financial Control

The Company has an adequate Financial Control on Financial Reporting (ICFR) in compliance with the provisions of the Companies Act, 2013 and such Internal Financial Control over financial reporting are operating effectively. The controls have been designed to assure with respect to the proper maintenance of accounting records, ensuring the orderly conduct of its business including adherence to the Company's policies, safeguarding of its assets, prevention and detection of fraud and errors, and ensuring the reliability of financial and operational information.

A report under clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 is issued by Auditor and same is annexed to the Independent Auditor's Report indicating that the Company has in vogue, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting operate effectively, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control.

The internal control system, including Internal Financial Controls on Financial Reporting, are periodically reviewed, and necessary changes are carried out to align with the changing business requirements. The management discloses all financial and budgetary information needed for a proper understanding of the Company's finances and its operations.

### Internal Audit

The Company's Internal Audit is conducted by experienced professionals and external audit firms selected through a

transparent process. The frequency of the Internal Audit is linked with the turnover and percentage of completion of each project.

The internal audit framework provides the scope of Internal Audit and covers relevant areas right from tendering to statutory compliances. The same has been issued for implementation to internal auditors so as to make the audit system more effective and project-specific. Projects are closely monitored through online/offline reporting formats, and the key performance indices are scrutinized by the management every month in addition to the Departmental inspection by in-house professionals.

Additionally, IRCON has in place an organizational chart and a system of delegation of powers which has been modified/updated from time to time. This coupled with a robust internal MIS system, ensures appropriate information flow to facilitate effective monitoring. Adherence to these processes is monitored through internal audits.

The internal audit system of the Company requires the Auditors to comment on the existence of adequate internal control systems and its compliance; in addition to that, the opinion on the existence of proper risk assessment and mitigation mechanism are also covered. Internal Auditors report to the Audit Committee, this ensures the Internal Auditors' independence. In addition to this, the audit reports are reviewed and synopses of Audit Reports along with compliances are put up for consideration of the Audit Committee.

The Company has installed SAP ECC 6.0 based Finance-controlling module. No changes are allowed in SAP after the entries are made therein. Enhancement of SAP ERP FICO module has been done for improved transparency and financial control and maintaining books of accounts, fixed assets, MIS, P&L for all projects. To further strengthen the internal financial control, ERP – SAP HANA is under implementation which will enable the Company to integrate all functions across the Company at all locations in the FY21-22. 'E-Office' has been already introduced to make a paperless office and to track the movement of files, 'Tender Information System' has also been introduced to have a track on the movement of tender files.

The internal control and audit systems are being reviewed periodically by the management as well as by the Audit Committee, followed by corrective action, whenever necessary as a part of continuous improvement. The internal control system ensures compliance with all applicable laws and regulations. To strengthen Internal Financial Control (IFC), IRCON has internally reviewed the IFC System and as per the IFC Report, the Company adhered to most of its recommendations and the remaining are in the process of strengthening the IFC,

## MANAGEMENT DISCUSSION AND ANALYSIS

which will be complied post implementation of ERP-SAP HANA. Further, a structured Fraud Prevention, Detection and Control Policy (FPDC Policy) along with a Whistle Blower Policy duly approved by Board of Directors is in place with the facility to make e-complaints in confidence.

### QUALITY, SAFETY, HEALTH AND ENVIRONMENT STANDARDS

IRCON is an ISO certified Company for Quality, Environment, and Occupational Health and Safety Management Systems. During FY2020, the Company has implemented a Quality Management System in accordance with ISO 9001:2015. It has also implemented an Environmental Management System in accordance with ISO 14001:2015 and Occupational Health and Safety Management System in accordance with ISO 45001:2018.

#### QUALITY

IRCON is a pioneer Public Sector Organization in adopting the Quality Management System Certification in the domestic as well as International Markets. Quality Management System (QMS) has been successfully sustained and continually improved since 1996 when the Company as a whole was first certified for ISO: 9002-1994 by TUV SUD Private Limited. We have continued the certification and sustained the system as per the latest version of Quality Management Standards, i.e. ISO: 9001 - 2015 (by periodical re-certification audit after the expiry of every three years). Latest re-certification audit was conducted in January 2020, whereby the Company has been re-certified by TUV SUD South Asia Private Limited for a period of another three years, i.e. up to March 2023.

During the year, the COVID-19 outburst hit the world affecting the industries & population at large. To overcome the COVID-19 impacts, IRCON adopted the latest technologies & digital solutions for the containment of COVID -19 & emerged as the Quality centric organization by ensuring the needs & expectations of their customers.

In view of COVID-19 pandemic, the Company continued the initiative of sharing technical knowledge by adopting digital platform (i.e. Google Meet, Microsoft teams etc.) on the topics like concrete sensors, helical piles, rigid geocells, tunnel drainage & rockfall protection, track fastenings & latest track peripherals, BIM Solutions, Water proofing solutions and many more technical as well as technological solutions prevailing in the core competence of the organization i.e. railways, highways, tunneling & other infrastructure projects.

In addition to this, new initiative for attracting the participation from each & every employee within the organization conducted the quality circle meeting with project professionals for ensuring better product delivery as well as quality. RACI matrix has been defined

& implemented at our project sites for maintaining the Quality of Works. Standardization of Project Procedure Manual (PPM) along with the material testing plan and formats have been made available on the internal website of the Company for knowledge sharing and helping the projects to prepare the required documents at project levels. Despite of the complex & diversified nature of projects, IRCON initiative for the standardization of quality procedures are the way forward towards attaining the complete integration within the organizational framework.

The Company nominates Quality Officers for major Indian projects to monitor QMS at their respective projects, and the same is also incorporated in General Conditions of Contract (GCC) of the Company for implementation of Quality Management Standards by the Contractor while carrying out the work.

Corporate Quality Council and Project Quality Council meetings are being conducted quarterly at Corporate Office and at projects site to review the implementation of Quality Management System (QMS). The Quality objectives are being measured and reviewed both at the Corporate Office and at the Project levels. In view of the COVID-19 pandemic all the Internal Quality Audit, as well as Quality Assurance Audit, were conducted on virtual platform in coordination with the project and Corporate Office. Reports of these audits provide not only details of non-conformities encountered during the audit but also the salient features of the project, including progress, positive points if any and areas requiring improvements.

### SAFETY HEALTH AND ENVIRONMENT MANAGEMENT (SHE)

The Company established an Environment Management System (EMS) and was certified for ISO: 14001-2004 in October 2011. The latest re-certification audit for ISO 14001-2015 was conducted in January 2020 whereby the Company has been re-certified for another three years, i.e. up to February 2023. IRCON also have ISO:45001-2018, and re- certification of ISO:45001-2018 is due on December 27, 2021.

Accordingly, during the FY2020-21, in view of the COVID-19 Pandemic, The Company follows the Precautionary measure/ Guideline issued by the Government from time to time. Also taking fast initiative to prevent the spread of COVID-19 in work space by implementing monitoring equipment like thermal scanners, Arogyasetu app, automatic sanitization machine, paper disinfection machines etc.

The Company nominates SHE Officers for major Indian projects to monitor SHE compliance of the statutory laws at their respective projects, and the same is also incorporated in General Conditions of Contract (GCC)

# MANAGEMENT DISCUSSION AND ANALYSIS

of the Company for implementation of SHE Management Standards by the Contractor while carrying out the work.

In addition to this, document like Emergency preparedness plan, SHE matrix, PPE Matrix, Safety and Environmental checklists are also readily available on IRCON intranet.

## ENVIRONMENT MANAGEMENT

The Company established an Environment Management System (EMS) and was certified for ISO:14001-2004 in October 2011. The latest re-certification audit for ISO 14001-2015 was conducted in January 2020 whereby the Company has been re-certified for another three years, i.e. up to February 2023.

The Company nominates Environment Officers for major Indian projects to monitor EMS and compliance of the environmental laws at their respective projects, and the same is also incorporated in General Conditions of Contract (GCC) of the Company for implementation of Environmental Management Standards by the Contractor while carrying out the work. Environmental checklists have been developed and maintained by all projects. Further, environmentally friendly equipment such as solar panels have been installed and are being installed at various offices/projects. Wastewater is recycled at Corporate Office through Sewage Treatment Plant (STP), and the same is used for horticulture work. STPs are also being constructed at NOIDA, Gurgaon and Multi-Functional Complex (MFC) buildings.

To conserve electricity and water, LED lights, sensor lights and sensor taps are used in Corporate Offices. Moreover, various environment-friendly steps are taken up across offices/projects of the Company, such as use of fly ash brick instead of clay brick, rainwater harvesting arrangements, sensor-controlled Chromium Plate (CP) fittings, and use of the latest version of facade glass (glass in the building) to make the building sustainable. At construction sites, regular monitoring of water usage and wastewater, ambient air quality and noise quality are being carried out.

Being the environment friendly organisation, IRCON actively participates in the national & international events (i.e. world environment day) through competitions & display of banners in order to inculcate the awareness towards the protection of environment among its stakeholders.

### IRCON's employee training duration in FY2021

50 1084 Man-days

## HUMAN RESOURCES

IRCON aspires to be an organization that focuses on the well-being and overall development of its employees. It believes in driving its organizational goal by investing in its human resources to ensure that they possess the competencies that the Company needs to deliver its business objectives. The human resources development efforts of IRCON are aligned with the prevailing standards of the industry. The Company recognizes the importance of a positive workplace, and it consistently strives to maintain it. IRCON's goal is to create a motivating and satisfying working environment, where employees contribute more to the Company.

The Company takes pride in its highly motivated and competent human resource and its contribution. The total employee strength of our company stood at 1298 as on March 31, 2021.



The attrition rate during FY 2020-21 has reduced and stood at 7.85% in comparison to 9.9% during last year.

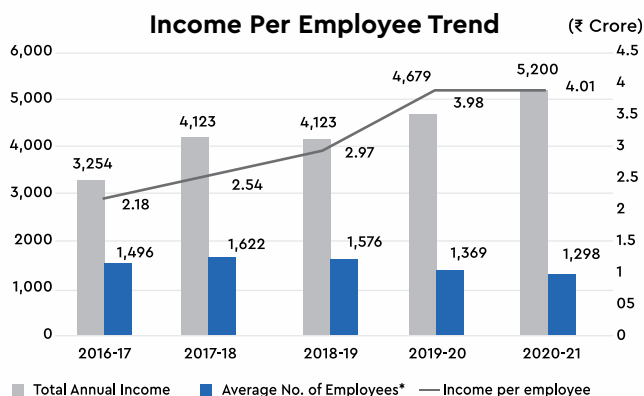
## EMPLOYEE PRODUCTIVITY

There has been a steady growth in the employee productivity over the past 5 years. The total income of the Company for FY2020-21 is ₹ 5200 Crore. The overall income per employee for FY 2020-21 stood at ₹ 4.01 Crore as compared to ₹ 3.98 Crore in FY2019-20.

## Recruitment

To maintain its competitive advantage, the Company is determined to induct the best and talented manpower across the hierarchy through various modes viz. fresh

# MANAGEMENT DISCUSSION AND ANALYSIS



Graduate Engineers, Professionals, Management Trainees, induction of experienced personnel from the open market, on deputation and on an absorption basis from other Government departments and Railways, hiring of retired staff and on third-party payroll. The Company has adopted best recruitment practices for providing equal opportunities and a harmonious environment for the advancement of SC, ST, OBC, Minorities and women employees. These policies indicate the open and innovative mind-set of the management with a strong emphasis on becoming "Equal Opportunity Employer". The Company re-engineers its recruitment strategies to align them with the broad goals of the Company.

During FY 2020-21, 11 employees were recruited on a full-time basis while 89 were recruited on contractual basis including service contract, as a policy of inclusive employment, 59 of those inducted belong to the SC/ ST/ OBC/ EWS category. The Company has also implemented EWS reservation with 8 EWS category employees being inducted. A selection process for tenure-based appointments has also been initiated. In addition to the open market recruitment, campus recruitment was also done from premier institutes like NIT Surat, NIT Jaipur and Jadavpur University. The diverse induction methods allow the Company to boast of a rich talent pool comprising experienced and fresh graduates hired from IITs, NITs, IIMs, XLRI, SCMHRD and MDI, etc.

## Deputation

To meet its continuous need for trained and experienced manpower, especially in view of project requirements, experienced and trained manpower is inducted from Indian Railways and other Government departments on deputation on a fixed tenure basis. During the year, 04 personnel were inducted on deputation, bringing the total manpower on deputation to 26.

## Training and Development

IRCON is moving towards a competency-based framework with the aim of building competency pool of the employees at all levels. As an outcome of competency mapping, individual development plans are prepared

for senior and middle-level management. Based on this, training needs are identified and customised training programs are conducted.

Considering the Training and Development as a high focus area, employees are being trained in various domains such as Contract Management, Arbitration, PMP, IPMA-level D Certification, Project Management, Managerial Effectiveness, Negotiations, Business Development and Strategy, Risk Management etc. Besides, various technical programmes are also organised for employees and senior business leaders for leadership programs conducted by premier institutes such as IIMs, ISB Hyderabad, etc. in India and abroad. During the year, 1084 man-days of training was imparted, which covered around 611 employees, which included programs like Training on Engineering Geology & GeoTech., Training on Usage of GeM Portal, Course on Preventive Vigilance, Labor Laws and HR Compliances, Courses ERP Functions and many other behavioral, technical, non-technical internal and external training, seminars, workshops were imparted. The Company has envisioned an ambitious growth plan for Human Resources for the next few years, and training programs are specially designed for 3-5 days for Senior Management from best Management institute of India. Strengthening our human capital is, therefore, core to our operations. IRCON runs multiple initiatives to help employees grow in their careers. Progressive policies such as a mentoring and skill development programmes for junior employees, and special leadership development programs for senior employees, have gone toward making the workplace more employee-friendly.

## Career Progression

The promotion policy of the Company is robust and time tested. It provides the best opportunities to the deserving employees for career progression and succession planning. Consistent with merit, suitability, performance and professional attainments commensurate with the business needs of the organization, the employees are promoted to senior positions. In Departmental Promotion Committee (DPC) 2021, a total of 124 were promoted in the executive category, and 34 in the non-executive category were promoted.

## Succession Planning

The succession planning policy of the Company provides an integrated and systematic approach for identifying, developing, and retaining employees in line with current and projected business objective. Under succession planning policy of the Company, 48 employees of the level E7 to E9 were considered as succession pool of likely leaders to take up critical roles in future. To groom this pool of potential leaders, special training for leadership and management development at reputed institutes in India was provided during the year.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors of the Company has decided for upgradation of People Capability Maturity Model (PCMM) up to Level-3 for which IRCON has engaged M/s QAI Limited as transition partner. IRCON has already closed the gaps as per Level-2 of PCMM and now is working with the consultant to close the gaps of Level-3 of PCMM.

## Performance Management System

The Company is having a Performance Management System which is IT enabled and linked with Performance Related Pay (PRP). The PRP system helps in capturing the different components of performance of the employee under heads such as company performance, team performance and individual contribution in achieving the Company's annual objectives. The emphasis on team performance motivates the employees to work together with synergy and cohesiveness to achieve team objectives, resulting in attaining long-term goals of the Company.

## Use of Information Technology Tools

To maintain business continuity and enable the staff to work from home, the IT Department has taken a leap forward to keeping records in digitized format and implementing e-office for day-today operations. HR functions such as Employee Records, Leave Records, Performance Management System (PMS), Annual Property Returns, Employee Engagement, etc. have been put in an e-format, thereby reducing paper use, bringing transparency and efficiency, and improving quality. The policies and programmes are communicated to employees through the Employee Self-Service portal and various social media modes.

## Motivation, Awards and Recognition

To recognize the exceptional performance, periodic awards and recognition are given to employees. The meritorious employee delivering the exceptional performance in a financial year is awarded with CMD Award. In addition, various individual and group awards are given to employees for their exceptional performance during the year.

## Employee Welfare

During the service, employees have been granted liberal perks, allowances and facilities in terms of monetary and non-monetary benefits such as transportation, housing, leased accommodation, subsidized food and medical facilities. The primary objective is to enhance their quality of life. Thus, the Company has implemented various schemes to improve the overall welfare of its employees.

Apart from incorporating the statutory benefits such as Maternity & Adoption Leave, First Aid Facility, Payment



**IRCON is moving towards a competency-based framework with an aim to build competency pool of the employees at all levels.**

of Minimum Wages, etc., additional benefits have been incorporated in the policies such as personal healthcare (regular medical check-ups), reimbursement of prolonged treatment expenses, availability of Allopathic, Homeopathic doctors and facility of alternative therapy, recreational activities like gym facility, provision of free tea/coffee through vending machines, and merit scholarship cash awards to wards of employees for education and for pursuing higher education, funeral expenses, resort facility, etc.

Employee Assistance Programs in the form of training, advances, house lease policy to provide better living conditions, relief from distress to employees suffering from prolonged illnesses such as TB, leprosy, cancer, mental diseases or any other terminal disease, when on leave without pay, and supply of artificial limbs when necessary to staff below the Executive-I category are in practice.

Periodic gifts like superannuation gifts, gift for employee's marriage and his/her ward's marriage, birthday gift, picnic gift, Diwali gift and Annual Day gift, etc. are granted to enhance a sense of belongingness among employees and the Company.

Liberal superannuation benefits consisting of Provident Fund, Gratuity, Pension and Post-Retirement Medical Scheme are in vogue. These schemes while working as a retention tool also provide social security to employees. Funeral expenses are provided in case of unfortunate death of an employee and death of a dependent (for spouse or children) of Group-D (Non-Executive Cluster I) staff, and ex gratia on death/permanent disablement of an employee while in service is provided to the dependent family members. As a measure to provide social security to the family members, liberal insurance covers in the form of personal accident insurance policy, term plan and savings-linked insurance have been taken for employees to take care of unforeseen situations.

A 24X7 helpline service has been started in April 2014 in which dedicated mobile numbers (area-wise) are available to support any employee in case of any exigency.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Women Development

The Company has adopted best practices to ensure equal opportunity and provide a harmonious environment for the advancement and growth of women employees by conducting several programmes on gender issues, sexual harassment and conducive working conditions. At the same time, opportunities are given to women employees to participate in meetings, project works, and committees, etc. to foster the practice of equal opportunity without any gender bias. The management has always been pioneering in adopting practices and creating an environment where women feel stronger, confident and empowered to take decisions. To provide safe and secure working ambience to its women employees, a committee for Prevention of Sexual Harassment at Work Place (POSH) is in place.

## E-Grievance Redressal

To promptly address and resolve employee grievance fairly and equitably e-grievance redressal system is present in the Company wherein employee can submit their grievance online and see the replies and live status of the grievance. The employees can raise grievances online through the Employee Self Service (ESS) Portal. Any member of public or ex-Employee of the Company can also submit their complaint through the Company website. In addition, online grievances can be made to the Ministry of Railways through the Centralized Public Grievance Redress & Monitoring System (CPGRAMS) portal. Further, the Chairman and Managing Director has earmarked every alternate Tuesday for hearing employees' grievances.

## Whistle Blower Policy

IRCON has a separate and well-structured Vigilance Department, which deals with frauds or suspected malpractices involving employees, contractors, suppliers, consultants, service providers or those doing business with the Company. Besides, a whistle blower and fraud prevention policy are also in place to monitor and rein-in unethical activities.

## CONTRIBUTION TO GOVT. OF INDIA INITIATIVES

The Company has always been proactively supporting initiatives of the Government of India such as Skill India, Swachh Bharat Mission, Start-up India, Make in India, including MSMEs, Digital India, promotion of Solar Eco-system by formulating its business or governance objectives in line with the government plans.

## PROMOTING MSMEs

Being a CPSE, the Company's procurement policy and

practices are guided by the Government policies and practices, including CVC Guidelines. These are based on transparent procurement mechanism, which also promotes procurement from local and small producers and suppliers. IRCON is procuring goods and services as per Public Procurement Policy, 2012 from MSEs. Accordingly, purchase preference is given to those small producers quoting their price within the price band as prescribed by the Company. The Company has also adopted fair, equitable and transparent tendering procedures to encourage Indian bidders and suppliers. Furthermore, Vendor Development Programme for MSEs is also organised by the Company to bring more awareness among MSEs and increase their participation.

During the financial year 2020-21, the Company has procured items valuing ₹163.08 Crore from MSEs vendor against the expenditure valuing ₹380.15 Crore towards materials and stores, out of which, value of items beyond scope and capacity of MSE Vendors amounts to ₹84.30 Crore. Therefore, during the Financial Year 2020-21, your Company has achieved 55% of net procurement valuing ₹295.85 Crore from MSEs after excluding the value of items beyond the scope and capacity of MSEs in compliance to Procurement Policy.

## CAUTIONARY STATEMENT

Statements made in the Management Discussion and Analysis Report describing the Company's objective, projections, estimates, expectations may be forward-looking statements within the meaning of applicable laws and regulations, based on beliefs of the management of the Company. Such statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties. Many factors could cause the actual result to be materially different from those projected in this report, including among others, changes in the general economic and business conditions affecting the segment in which the Company operates, changes in business strategy, changes in interest rates, inflation, deflation, foreign exchange rates, competition in the industry, changes in Governmental Regulations, tax laws and other Statutes & other incidental factors. The Company does not undertake any obligation to update any forward-looking statements publicly, whether as a result of new information, future events or otherwise.

**For and on behalf of the Board of Director**

sd/-

**(M. K. Singh)**

Chairman & Managing Director  
CEO and Director Finance  
(DIN: 06607392)

Date: 24.08.2021

Place: New Delhi

# BOARD'S REPORT

To the Members,

The Board of Directors of your Company take pleasure in presenting the 45<sup>th</sup> Annual Report on the business and operations of the Company, along with summary of financial results and key highlights on the financial performance of your company for the year ended March 31, 2021.

## FINANCIAL RESULTS

(₹ in crore)

PARTICULARS	STANDALONE			CONSOLIDATED		
	FY2020-21	FY2019-20	%CHANGE	FY2020-21	FY2019-20	%CHANGE
<b>Financial Results</b>						
Total Income/Turnover	<b>5,200</b>	5,442	<b>(4.44)</b>	5,523	5,540	<b>(0.29)</b>
Total Operating Income/ Turnover	<b>4,948</b>	5,202	<b>(4.89)</b>	5,342	5,392	<b>(0.91)</b>
Operating Income from Foreign Projects	<b>582</b>	443	<b>31.38</b>	584	450	<b>29.78</b>
Operating Income from Indian Projects	<b>4,366</b>	4,759	<b>(8.26)</b>	4,758	4,941	<b>(3.70)</b>
Profit Before Tax	<b>574</b>	673	<b>(14.65)</b>	578	672	<b>(14.05)</b>
Profit After Tax	<b>405</b>	490	<b>(17.40)</b>	391	485	<b>(19.41)</b>
Net Worth	<b>4,406</b>	4,161	<b>5.90</b>	4,403	4,171	<b>5.56</b>
<b>Appropriations</b>						
Dividend (Final & Interim)*	<b>221</b>	223	<b>(0.09)</b>			
Earnings per share (₹)#	<b>4.30</b>	<b>5.21</b>	<b>(17.47)</b>			

Notes:

\* Includes proposed final dividend (subject to the approval of shareholders in ensuing AGM).

# After stock split in the ratio of 1:5 in April 2020 and Bonus Shares issue in the ratio of 1:1 in May 2021

## FINANCIAL HIGHLIGHTS

The COVID-19 pandemic has devastated the world. Its impact, which varies across sectors, has been significantly adverse in the construction industry. Hence, financials of FY2020-21 are not strictly comparable with FY2019-20 due to COVID-19 adversities which continued almost throughout the year. In spite of all such impediments, the Company has been able to achieve a total income of ₹5,200 Crore during FY2020-21 as compared to ₹5,442 Crore in FY2019-20, showing only a marginal decrease of 4.44%. The decrease is really insignificant considering the fact that in the 1st quarter of FY'21 there was a National lockdown.

The operating turnover of the Company for FY2020-21

stood at ₹4,948 Crore, compared to ₹5,202 Crore in FY 2019-20, showing a decrease of 4.89%. However, the operating turnover achieved by the Company is close to the targets set by the Ministry of Railways for FY2020-21.

There has been a decrease of 14.65% in Profit Before Tax (PBT) from ₹673 Crore in FY2019-20 to ₹574 Crore in FY2020-21. Profit After Tax (PAT) has decreased by 17.40% from ₹490 Crore in FY2019-20 to ₹405 Crore in FY2020-21.

The Net Worth of your company has increased by 5.90%, from ₹4,161 Crore in FY2019-20 to ₹4,406 Crore in FY2020-21, and earnings per share in FY2020-21 stood at ₹4.30 per share (after stock split in the ratio of 1:5 in April 2020 and Bonus Shares issue in the ratio of 1:1 in May 2021).



## BOARD'S REPORT

### DIVIDEND

The Company is focused on enhancing shareholders value and has a track record of paying dividend consistently since beginning phase.

For FY2020-21, the Board of Directors had declared an interim dividend of ₹1.30 per equity share (on the face value of ₹2/- each) (i.e. 65% on the paid-up equity share capital of ₹94.05 Crore) amounting to ₹61.13 Crore (approx.), in February 2021. The said interim dividend was paid to all the shareholders on 3<sup>rd</sup> March 2021, after deduction of applicable taxes.

The Board has further recommended a final dividend (over and above the interim dividend) of ₹1.70 per equity share on the face value of ₹2/- each amounting to ₹159.80 Crore (i.e. 85% of the paid-up share capital of ₹188.10 Crore), out of profit for the FY2020-21, subject to the approval of the shareholders.

With this, the total dividend for the FY2020-21 would aggregate to ₹221.02 Crore (approx.) (i.e. 117.50% on the paid-up equity share capital of ₹188.10 Crore), which works out to 54.63% of the post-tax profits and 5.01% of net worth as on March 31, 2021. After approval and payment of the proposed dividend, the cumulative dividend to shareholders up to FY2020-21 will stand at ₹2139.33 Crore (approx.).

The Dividend has been declared in line with the Dividend Distribution Policy which is framed in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'). The Dividend has been declared in line with the Dividend Distribution Policy which is framed in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), and the guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by the Department of Investment and Public Asset Management (DIPAM), Ministry of Finance.

### OFFER FOR SALE OF SHARES

As per 'Listing Regulations', IRCON being a listed entity was required to comply with the Minimum Public Shareholding (MPS) requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulations) Rules, 1957. SEBI has allowed up to August 2021 to comply with MPS requirement.

During the FY 2020-21, the Promoter of the Company i.e. "The President of India represented by Ministry of Railways" by way of Offer For Sale (OFS) through Stock Exchange mechanism disinvested 16% of paid-up capital

of the Company (i.e. 5,26,68,882 equity shares to non-retail investors on March 3, 2021 and 2,25,72,378 equity shares to retail investors on March 4, 2021 in aggregate to 7,52,41,260 equity shares) at the rate of ₹89.75 per share amounting to ₹677.07 Crore (including gross of stock exchange transaction charges and all applicable taxes and charges). As a result of the offer for sale, holding of the President of India has reduced from 89.18% to 73.18% of the paid-up equity share capital of the Company thereby making the Company compliant on MPS requirement.

Based on the market price of Ircon International Limited (IRCON) as on March 31, 2021, it is placed in the top 500 listed companies. As on March 31, 2021, market capitalisation was ₹4152.38 Crore.

### SHARE CAPITAL / DEMATERIALISATION

#### (A) SPLIT OF SHARES

The splitting of one (1) equity share of the face value of ₹10/- each into five (5) equity shares of the face value of ₹2/- each and consequent amendment in Capital Clause in Memorandum of Association of the Company was approved by the members of the Company through Postal Ballot in the year 2019-20. During the FY 2020-21, the effect of change in face value of the share was reflected on the share price with effect from April 3, 2020 at the Stock Exchanges where the Company is listed (BSE and NSE) and corporate action of credit of shares of the face value of ₹2/- each was completed on April 8, 2020, as the record date for this purpose was April 7, 2020. Accordingly, the authorised share capital of the Company has been changed to ₹400 Crore consisting of ₹200 Crore equity shares of ₹2/- each and the issued and paid-up share capital of the Company stood at ₹94.05 Crore consisting of 470,257,870 equity shares of ₹2/- each.

#### (B) BONUS SHARES

After the close of the year, issuance of fully paid bonus shares of the face value of ₹2/- each in the ratio of 1:1 i.e. one (1) new fully paid-up equity share of ₹2/- each for every one (1) existing equity share of ₹2/- each was approved by the members of the Company through Postal Ballot. The record date for this purpose was May 21, 2021 and the shares were allotted on May 23, 2021. After receipt of in-principle approvals from BSE and NSE on May 25, 2021, corporate action of credit of bonus shares was completed on June 1, 2021. Accordingly, the paid-up share capital of the Company is increased from ₹94.05 Crore to ₹188.10 Crore i.e. 94,05,15,740 equity shares of ₹2/- each.

#### (C) DEMATERIALISATION OF SHARES

As on June 30, 2021, all the shares (except only 5817 shares in physical form) are held in dematerialised form and the

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details of the dematerialisation of shares are provided in the Corporate Governance Report.

## TRANSFER TO RESERVES

Appropriations to retained earnings for the financial year ended March 31, 2021 were for ₹183.84 Crore after proposed final dividend of ₹159.89 Crore.

## CAPEX AND LIQUIDITY

During the year under review, the Company on a standalone basis spent a sum of ₹34.01 Crore on capital projects across domestic and foreign projects for constructing a building of ₹31.92 Crore; for acquiring Plant & Machinery of ₹0.32 Crore. Despite this significant spend, the Company was able to keep the gross debt level stable during the year. The Company's liquidity position remains strong at ₹3250.46 Crore as on March 31, 2021, comprising of ₹322.27 Crore in cash and cash equivalent and ₹2928.19 Crore in other bank balances which includes client fund of ₹ 2018.35 Crore and Project Fund of ₹737.90 Crore.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has earned a foreign exchange of ₹ 561.03 Crore during FY2020-21 as compared to ₹540.62 Crore earned during FY2019-20. The foreign exchange outgo stood at ₹ 515.55 Crore during FY2020-21 as compared to ₹ 525.67 Crore during FY2019-20. Thus, the net foreign exchange earnings have increased by 304.21%, i.e. from ₹14.95 crore in FY2019-20 to ₹ 45.48 Crore in FY2020-21 due to increase in operating turnover from foreign projects.

## IRCON GROUP PERFORMANCE

During the year under review, IRCON ('the Group') on a consolidated basis recorded turnover of ₹5523 Crore (previous year: ₹ 5540 Crore). The Group reported a consolidated profit after tax of ₹ 391.06 Crore (previous year: ₹ 485.27 Crore).

The Group EBITDA was ₹ 682.12 Crore (previous year: ₹773.54 Crore), a decrease of 11.82% over the previous year.

## IMPACT OF COVID-19

The COVID-19 pandemic is the defining global health crisis of our time and has spread very fast across the continents. But it is much more than a health crisis and is having an unprecedented impact on people and economies worldwide. In view of COVID-19 pandemic and consequent to the nationwide lockdown announced by the Government of India since March 24, 2020, there was a significant adverse impact on the overall Indian economy and hence, on the operations of the Company.

Due to COVID-19 outbreak, the Company had temporarily suspended the operations in all ongoing projects in compliance with the lockdown instructions issued by the Central and State Governments. These nationwide lockdown restrictions 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. Though the long-term directional priorities of the Company remained firm, in light of COVID-19 and its expected impact on the operating environment, the key priorities of the Company were to closely monitor the supply chain, conserve cash and control fixed costs, while continuing to invest in some of the growth areas.

The working of the Company was streamlined with work from home norms and roster for the employees as per the guidelines issued by the Government authorities. Further, e-office is being used in office operations for faster working, meetings through video conferencing (VC) are being done to maintain social distancing. In addition, the Company has put in place Standard Operating Procedures (SOPs) in line with Government guidelines for ensuring safety at the workplace.

With the commencement of works at projects, the Company constantly reviewed its operation and made every possible effort to make up for the lost time due to the pandemic. Due to the impact of lockdown during the first quarter of the year and pressure on supply chain to some extent in the 2<sup>nd</sup> quarter, the revenue and profitability target was revised keeping a steep target in the 2<sup>nd</sup> half of the year. The company has done exceptionally well during the 2<sup>nd</sup> half of the year and surpassed its previous year's performance during this period and ultimately could surpass its revised budgeted turnover and profitability for the current year. However, the result for the year ended are, to that extent, not comparable with those for the previous periods.

## Impact of COVID 2.0

The repeat outbreak of Coronavirus further disrupted the economy, resulting in devastating effects on businesses, financial institutions, and industrial establishments worldwide. With COVID-19 cases rising by more than a lakh with every passing day, India's second wave of the Coronavirus pandemic seemed to be more intense than the first one. Some States had announced restrictions, such as night curfews and partial lockdowns, to curtail the spread of the virus. The fear of complete lockdown had also sparked another wave of reverse migration of workers. For the construction sector, who are willing to return to their native places from cities that have reported a sharp increase in cases.

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While this is an alarming situation, the current scenario will not affect the large and medium-sized construction companies as they are already taking necessary precautions at the sites. Government of India along with the State Governments and armed forces are taking various steps to provide medical and other facilities.

The Indian economy was expected to grow by 12-13% in 2021-22, primarily on the back of the contraction it saw in 2020-21. But with the second wave of the covid pandemic spreading across the country, the expected double-digit growth is now in peril. However, unlike the last year, the government isn't as handicapped, primarily because of availability of vaccine against Covid. India's accelerated vaccination drive may limit the economic disruption caused by a resurgence in COVID-19 cases, although shortages in vaccine supply could weigh on the campaign's progress.

The Company has initiated several measures to help its employees and their families, including establishing COVID care centers, vaccination centers, and providing them access to medical care facilities. The Company has also taken various initiatives towards implementation of all precautionary measures to deal with the pandemic. This includes financial contribution of ₹20.5 Crore towards Prime Minister's Citizen Assistance and Relief in Emergency Situation Fund (PM CARES Fund) [₹5.01 Crore contributed during the FY2019-20 which includes the contribution of ₹51 lakhs by the employees; and ₹15.5 Crore contributed during FY2020-21].

After the close of the year, the Company has also made further contribution of 89.56 Lakh towards COVID-19, i.e. ₹39.56 Lakh towards cold chain equipment in connection with COVID-19 vaccination programme of Government of India and ₹ 50 Lakh has been earmarked for installation of Oxygen Generating Plant at one of the Divisional Railway hospitals in East Central Railway.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION**

No material changes or commitments are affecting the financial position of the Company except the impact of COVID-19 during the financial year and changes after the close of the financial year up to the date of the report. Although Corporate Guarantees have been issued to the Banks for the loan availed by its wholly-owned subsidiary companies as mentioned under head 'Particulars of Loan, Guarantees or Investments' of this Report, these are not likely to have any material impact.

### **FINANCIAL STATEMENTS (STANDALONE AND CONSOLIDATED)**

The Board of Directors of the Company has, at its meeting

held on June 30, 2021, approved the Financial Statements for FY2020-21 (Standalone and Consolidated).

In accordance with the provisions of Section 129(3) of the Companies Act, 2013, the Company has prepared its Consolidated Financial Statements [as per line-by-line method] for its six subsidiaries viz. Ircon Infrastructure & Services Limited (IrconISL), Ircon PB Tollway Limited (IrconPBTL), Ircon Shivpuri Guna Tollway Limited (IrconSGTL), Ircon Davanagere Highway Limited (IrconDHHL), Ircon Vadodra Kim Expressway Limited (IrconVKEL) and Ircon Gurgoan Rewari Highway Limited (IrconGRHL); and [as per equity method] for seven joint venture companies viz. Ircon-Soma Tollway Private Limited (ISTPL), Indian Railway Stations Development Corporation Limited (IRSDC), Chhattisgarh East Railway Limited (CERL), Chhattisgarh East-West Railway Limited (CEWRL), Jharkhand Central Railway Limited (JCRL), Mahanadi Coal Railway Limited (MCRL), Bastar Railway Private Limited (BRPL). The accounts of unincorporated joint ventures have been included in the standalone financial statements for the FY 2020-21.

The Company would make available its audited financial statements (standalone and consolidated) / financial statements of its subsidiaries (IrconISL, IrconPBTL, IrconSGTL, IrconDHHL, IrconVKEL and IrconGRHL) at its website ([www.ircon.org](http://www.ircon.org)). Further, a statement containing the salient features of the financial statements of six subsidiaries and seven joint venture companies in Form AOC-1 is attached to the Financial Statements.

In view of the ongoing COVID-19 pandemic, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Notice, Board's report, Auditor's report or other documents required to be attached therewith), the Ministry of Corporate Affairs (MCA) and Securities Exchange Board of India (SEBI) have prescribed that such statements shall be sent only through e-mails to the members whose emails are registered with the company or with the depository participant/depository, and to all other persons so entitled.

In view of the above relaxation and as part of green initiatives, the electronic delivery of the notice of Annual General Meeting (AGM) and Annual Report is being made to those shareholders whose e-mail addresses are already registered with the respective depository participants and downloaded from the depositories, i.e. NSDL/CDSL. These documents shall be made available on the website of the Company and to the stock exchanges viz. BSE and NSE.

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## APPLICATION FOR RE-CATEGORISATION TO NAVRATNA

During the year your Company has submitted an application to Department of Public Enterprises (DPE), through the Administrative Ministry (Ministry of Railways), for re-categorization of IRCON from Schedule-A Miniratna CPSE to 'Navratna' CPSE. Government of India in the Budget 2021 has announced disinvestment of PSUs. Re-categorization of IRCON to Navratna category will help in enhancing its market capitalization. It will also attract fresh talents with required skills to keep pace with industry development and growth and improve retention rates, productivity and loyalty of employees. Navratna status will enhance financial and operational autonomy and help to get competitive edge in domestic and international market to bid for various contracts.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report, as required under Regulation 34 read with Schedule V to the Listing Regulations and DPE Guidelines, is annexed to the report (Page 26) and is incorporated herein by reference and forms an integral part of this report. It provides an overview of Global and Indian economy, the industry and future outlook, the Company overview, its legal status and autonomy, business divisions / units, financial and operational performance, projects undertaken in FY 2021 and upcoming projects, strengths, scope and opportunities, key concern areas, response to COVID-19, business strategies, risk management, internal control systems and their adequacy as well as material developments in human resource.

## EXTERNAL ENVIRONMENT

### MACROECONOMIC CONDITIONS

The world has changed dramatically in the first half of FY2020-21, as coronavirus (COVID-19) pandemic has resulted in tragically large number of loss of human lives. As countries implement necessary quarantines and social distancing practices to contain the pandemic, the world had been put in lockdown. The magnitude and speed of collapse in the activity that has followed is unlike anything experienced in our lifetimes.

This is truly a global crisis as no country is spared. Countries reliant on tourism, travel, hospitality, and entertainment for their growth are experiencing particularly large disruptions. Emerging markets and developing economies face additional challenges with unprecedented reversals in capital flows as global risk appetite wanes. Amid

currency pressures, while coping with weaker health systems, and limited fiscal space to provide support, several economies entered this crisis in a vulnerable state with sluggish growth and high debt levels.

The crisis is being faced by many countries in multiple ways — health crisis, financial crisis, and volatility in commodity prices, which interact in complex ways. Policymakers are providing unprecedented support to households, firms, and financial markets and while this is crucial for a strong recovery, there is uncertainty about what the economic landscape will look like when we emerge from this situation.

### ECONOMIC OUTLOOK

As per International Monetary Fund (IMF) World Economic Outlook Report (WEO) (July 2021), after an estimated contraction of 3.5% in 2020, the global economy is projected to grow at 6% in 2021, moderating to 4.4% in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 by WEO reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and economies adapted to new ways of working.

The contraction could have been three times as large if not for extraordinary policy support. The emerging market economies and low-income developing countries have been hit harder and are expected to suffer more significant medium-term losses. A high degree of uncertainty surrounds IMF's projections, however, a faster progress of vaccinations can uplift the forecast, while a more prolonged pandemic with virus variants that evade vaccines can lead to a sharp downgrade.

As per the WEO, July 2021, Indian economy contracted by 7.3% in 2020. However, IMF has projected an impressive growth rate of 9.5% in 2021 and 8.5% in next fiscal for Indian economy.

## ENGINEERING & CONSTRUCTION INDUSTRY GLOBAL ENGINEERING & CONSTRUCTION INDUSTRY

The infrastructure is important for faster economic growth and alleviation of poverty in the country. Adequate infrastructure in the form of road and railway transport system, ports, power, airports and their efficient operations is needed for integration of the Indian economy with other economies of the world.

Increased spending on infrastructure as a part of the engineering and construction industry has a multiplier effect on the overall economic growth because of both forward and backward linkages, as it demands industrial growth and manufacturing. This, in turn, boosts the

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collective demand thereby creating jobs and improving living standard.

There is a widespread consensus among Governments and businesses that increase in the quality of infrastructure is an imperative for economic growth, but countries on an average continue to underinvest. According to the World Economic Forum, worldwide investment in infrastructure is expected to be US\$79 trillion by 2040. However, the actual global investment need is closer to US\$97 trillion. To close this US\$18 trillion gap, average annual global infrastructure investment would need to increase by around 23% per year. Most of this gap is attributed to insufficient investment in the road, rail and electricity sectors.

The year 2020 was an unforgettable year in many ways and one that may have permanently changed the world. The Engineering & Construction (E&C) industry was able to respond faster than other industries due to strong order books and demand from the residential segment. The year 2020 likely helped E&C companies to reset and prepare themselves more effectively for work, workforce, and workplace changes. The year ahead is only expected to accelerate these changes.

### INDUSTRY OUTLOOK

One major sector of the economy which is receiving increasing attention as a possible area for the development of better institutional structure in the emerging nations is construction, an industry present in every developmental activity. Construction contributes to economic development by satisfying some of the basic objectives of development including output generation, employment creation, and income generation, and re-distribution. It also plays a major role in satisfying basic physical and social needs, including the production of shelter, infrastructure, and consumer goods.

In the first half of 2020–21, the construction industry came to a standstill due to the coronavirus pandemic impact. Among the challenges that the industry faces are sustained cost pressures, ongoing labour shortages that affect productivity, and trends toward fixed-bid projects that often demand a level of pricing and operations precision that is difficult to obtain with traditional systems. While the industry still trails broader digital adoption maturity, the continued adoption of digital technologies could alleviate some of these issues.

Despite the above-mentioned challenges, E&C companies are poised to potentially benefit from several significant opportunities in the industry. Emerging technologies and megatrends like urbanisation are the driving forces of business in the 21st century, and they both present opportunities for the E&C industry today. The companies that successfully create and execute a strategy to embed

digital ecosystem in their businesses will likely be better positioned to survive the cost pressures and labour shortages that currently face the industry. These firms will also be well placed to support the rise of smart cities, and the year ahead promises opportunities for savvy E&C companies to take the lead.

### ORDER BOOK

In the industry that the Company pertains to, an order book is considered an indicator of future performance since it represents a portion of anticipated future revenue. The Company caters to both domestic as well as international markets and receives orders both on competitive bidding as well as through nomination by the Ministry of Railways. Ministry of Railways have made a significant change in their policy on allotting the projects to PSUs, and have introduced a system of competitive bidding amongst the eligible PSUs for execution of railway works. IRCON expects to be largely successful in such a bidding process.

During FY2020–21, the Company secured works worth ₹4157.08 Crore, from MoR through competitive bidding among PSUs. The order book as on March 31, 2021, stood at ₹34,689 Crore (approx.) as compared to ₹30,713 Crore (approx.) as on March 31, 2020. The order book as on June 30, 2021 stood at ₹ 34312 Crore (approx.). The order book consists of value of works for which execution has not started as yet.

### DOMESTIC PROJECTS

Since incorporation, the Company has diversified into various infrastructure sectors and is now an established player in the field of railway and highway construction. Moreover, it caters to customer needs in many other areas such as the construction of commercial and residential complexes, power transmission lines, industrial lighting, bridge and flyovers, tunnels, electrical and mechanical work, signalling and telecom, production units, station building, multi-function complex, and airports. The diversification of project portfolio across various sectors has helped us in de-risking the construction business and reduce our dependence on any sector or type of project.

### COMPLETED PROJECTS

During the Financial Year 2020–21, following projects in India were completed:

1. **Construction/ upgradation of rural roads including bridges in 5 districts (Garhwa, Gumla, Ranchi, Lohardaga and Simdega) in the State of Jharkhand at a value of ₹ 607 Crore.** The Project under the Pradhan Mantri Gram Sadak Yojana (PMGSY) was

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launched in the year 2000 for a total value of ₹607 Crore, to provide all weather road connectivity to rural people for their Socio-Economic development. IRCON was entrusted the work of PMGSY through Tripartite Agreement among for Ministry of Rural Development, Government of India and State Government of Jharkhand on March 23, 2013. The work was awarded to IRCON in two phases, viz., Phase-I included Chatra, Palamau, Garhwa, Ranchi, Khunti, Simdega, Dumka and Lohardaga districts; and Phase-II included Ranchi, Khunti, Gumla, Garhwa and Simdega districts. The construction work of all works awarded to IRCON has been completed in April 2021 and works are under five years routine maintenance.

- 2. Six-Laning of Davanagere-Haveri from (Km. 260+000) to Km. 338+923) of NH-48 in the State of Karnataka, for Ircon Davanagere Haveri Highway Limited (IrconDHHL), at a value of ₹791.19 Crore.** The project work was awarded in October 2017 by IrconDHHL, for a total contracted value of ₹1026.96 Crore (including GST @ 12%), which has been revised to approximately ₹985.60 Crore with original completion date as July 24, 2020. However, due to COVID-19 pandemic, extension of time has been granted upto January 23, 2021, as per the guidelines of Government of India under Atmanirbhar Policy. The scope of work covers construction of 2 new Major Bridges (both for Rivers, one of 100m long and other of 474m long), 15 new Minor Bridges, 05 new Flyovers, 09 new VUPs, 05 new LVUPs and widening of 17 PUPs & 138 Culverts. The project has been completed on January 20, 2021. We have been able to obtain Provisional Commercial Operation Date (PCOD) for the substantially completed portion on May 28, 2021.
- 3. Mathura-Kasganj-Kalyanpur Railway Electrification Project with Signalling, for North Eastern Railway, at a value of ₹433 Crore.** The Railway Electrification of Mathura – Kasganj – Kalyanpur section of Izzatnagar division on NE Railway was awarded on February 24, 2017 with sanctioned cost of ₹ 432 Crore (cost plus project with contract addition @ 8.5%). In this project, the work of Over Head Equipment (OHE) of 442 TKM, construction of 05 nos. 132/25kV Traction Substations with Transmission Lines, 06 nos. Sectioning & Paralleling Posts (SP), 19 Nos. Sub-Sectioning & Paralleling Posts (SSP), implementation of SCADA system and setup of Traction Control Room at Izzatnagar Division along with Office Building of TRD Department, Construction of 04 nos. OHE cum PSI Depots, 72 nos. staff quarters and modification of Signalling System suited with AC Traction have been completed. The project was completed on September 30, 2020.
- 4. RAPDRP-Part B Project under Jammu Province (Cluster-I, Jammu Left), (Cluster-II, Jammu Right) and (Cluster-IV) Akhnoor, Rajouri, Poonch, Udhampur, Doda, Kishtwar & Bhaderwah for J&K Power Development Department, at a value of ₹420 Crore.** The work of RAPDRP Jammu project was secured through competitive bidding (open tender) on February 24, 2014 for Cluster-I Jammu Left and Cluster-II Jammu Right, and on March 04, 2014 for Cluster-IV for Akhnoor, Rajouri, Poonch, Udhampur, Doda, Kishtwar & Bhaderwah, with completion period of 24 months. The work involved setting up of 33kV/11kV sub stations, 33kV Overhead line, 11kV overhead line, cabling, power distribution through 400/250/100/25kVA transformers in streets, capacitor banks, modernization of substations, energy metering etc. The total value of work executed is ₹ 390.10 Crore, due to reduction in the scope of work, however dispute claim amount is ₹ 390 Crore.
- 5. Railway Electrification work for Katni-Singrauli, for West Central Railway, at a value of ₹ 282 Crore.** In this project, total 246.91 RKM and 298.28 TKM was completed within very short period of time even after difficulty in mobilization and movement due to dense forest area. Total 04 number of TSS and 18 number of switching stations were also commissioned. In this project OHE Cum PSI Depots, Tower wagon sheds, Cable huts & ESM Duty rooms etc. also constructed at various locations. Complete Katni-Singrauli existing line OHE including TSS and switching stations handed over to railway and maintenance of same under railway authorities. The project got completed on September 16, 2020.

## NEW PROJECTS

During the Financial Year 2020-21, your company was awarded the following projects, through competitive bidding, in India for a total value of ₹4157.08 Crore in its order book:

1. Railway Electrification Works for NJP-New Mal-Alipurduar-Samuktala Rd and Alipurduar-New Coochbehar including New Mal Jn-Changrabandha, New Changrabandha-New Coochbehar, New Coochbehar-Fakiragram-Dhubri (Package No.7), of Northeast Frontier Railway, of the total value of ₹475.31 Crore;
2. Railway Electrification Works for Lumding-Dibrugarh via Tinsukai and Simaluguri-Dibrugarh (Package No. 6). of Northeast Frontier Railway, of the total value of ₹313 Crore;
3. Railway Electrification Works for Moradabad-Ramnagar, Rampur-Lalkua-Kathgodam incl. Lalkua-

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- Kashipur and Bhojipura-Lalkua (Package No. 5) of North Eastern Railway, of the total value of ₹236.73 Crore;
4. Railway Electrification Works for Dasua-Gangapur City, Thaiyat Hamira-Sanu incl. Pipar-Bilara, Makrana-Parbatsar and Merta Rd-Merta City, Merta-Jodhpur and Merta-Phulera (Package No. 3) of North Western Railway, of the total value of ₹447.55 Crore;
  5. Railway Electrification Works for Hanumangarh-Sriganganagar-Sarupsar-Suratgarh incl. Sarupsar-Anupgarh, Madar-Pushkar & Degna-Ratangarh, Hisar-Suratpura (Package No. 1) of North Western Railway, of the total value of ₹413.33 Crore;
  6. Project Management Consultancy for Development of 5 Indian Railway Stations namely Mumbai Central, Delhi Cantt, Miraj, Thiruvananthapuram Central, and Howrah, for Rail Land Development Authority, of the total value of ₹59.79 Crore;
  7. Construction of ROBs in lieu of existing Level Crossings under packages ROB 9 & 10, for Western Railway, of the total value of ₹400.81 Crore;
  8. Two projects viz. Design, Supply, Installation, Testing and Commissioning of receiving Sub Stations [including 25 kV AC Traction cum 33 kV Auxiliary Main Sub Stations], Extra High Voltage & High Voltage Cabling, 25 kV Overhead Equipment (FOCS/ROCS), Auxiliary Power Supply [including Auxiliary Sub Station], and Associated Works on via duct & Tunnel from Duhai (EPE) to Modipuram [including Modipuram Depot] for Delhi-Ghaziabad-Meerut RRTS Corridor of NCRTC (Lot-P19 L1 and Lot-P19 L2) for National Capital Region Transport Corporation (NCRTC), of the total value of ₹317.81 Crore and ₹404.95 Crore, respectively;
  9. Upgradation of Gurgaon-Pataudi-Rewari Section of NH-352W as feeder route in the State of Haryana on Hybrid Annuity Mode for NHAI, of the total value of ₹900 Crore;
  10. Replacement of mechanical signaling works of Package 3 at Bhajoi, Dhanari, Babrala, Rajghat Narora, Dibai, Atrauli Road; Basikratpur, Bijnor, Haldaur, Chandpursiau, Mandidhanaura; Madhogahj, Safipur, Makhi, Beniganj, Naimisharanya, Misriktirath, Ramkot, Bangarmau, Mallawan, for Northern Railway, for the total value of 187.8 Crore.

### ONGOING PROJECTS:

A list of ongoing major projects in India is given at **Appendix-A**.

After the close of the year, the following were the major highlights of the on-going projects:

1. 100 km track linking out of 372 km stretch entrusted to IRCON by Dedicated Freight Corridor Corporation of India Ltd (DFCCIL) between Vaitarna-Sachin sections by using imported New Track Construction machine by IRCON, was completed. IRCON is the first PSU, which owns NTC machine, that was imported by IRCON from USA at a cost of around ₹100 Crore for the purpose of this project.
2. Installation & completion of precast double shell box with a segment size of 16 × 10 m at Valsad, South Gujarat in record time of 20 days power block.
3. Commissioning of 74 km section from Kharsia to Dharam Jayagarh on 21.06.2021 through its SPV – Chhattisgarh East Rail Limited (CERL). Thus, CERL is the only SPV to commission section of railway line through PPP mode.

### FUTURE PROJECTS

In the coming future, IRCON is looking forward to undertake important domestic projects in various sectors such as Railway, Highway, Tunnel, Bridges, etc. These include implementation of Mumbai- Ahmedabad High Speed Rail Corridor with Japanese funding, Highway Projects on BOT, EPC and HAM basis, Consultancy works, Tunnel Projects and Railway works on competitive bidding. We have also decided to make forays in the area of solar energy in a significant way. An MoU with M/s NIIF has been entered into for this purpose.

### NEW MAJOR PROJECTS AWARDED AFTER CLOSE OF THE YEAR

Railway Electrification work, to be executed on EPC mode, from North Frontier Railways (NFR), Ministry of Railways, at a value of ₹658.64 Crore.

### INTERNATIONAL PROJECTS

Contribution of international projects to the total revenue has increased from approximately 6.34% in Fiscal Year 2020 to approximately 8.52% in the Fiscal Year 2021. The increase in international project income is mainly due to execution of Upgradation of Railway Line from Maho to Omanthai under Indian Line of Credit – Track Rehabilitation and ancillary works awarded by Sri Lankan Railways. The Company continues to actively participate in new projects in foreign countries, and has one ongoing project each in Bangladesh, Algeria, Nepal and Sri Lanka. By continuing to diversify its business and geographical focus, the company strives to secure a broader range of projects to maximize business volume and profit margins.

### ONGOING PROJECTS

The Company is executing the following projects in

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## i. Bangladesh

The Company secured a project in Bangladesh for construction of Khulna-Mongla Port Rail line for Bangladesh Railway, at US\$ 147.78 million (₹911 Crore converted), and the revised cost is expected to reach US\$ 182.37 million (₹1349.53 Crore). The project includes construction of embankment, tracks, all civil works, major and minor bridges (except Rupsha Bridge), culverts and implementation of EMP against Package WD1. The physical progress up to March 2021 is 72.65%. The work commenced in March 2016 and was expected for completion in December 2020. However, this may further extend on account of current health pandemic.

At the initial stage, the project progressed slowly due to delay in handing over the encumbrance free land, issuance of drawings for alignment (L-section and X-section) of bridges and buildings by the respective engineer/Bangladesh Railway. Project further suffered delay due to non-approval of variations by Bangladesh Railway. However, the Project was in full swing on all fronts before facing 2<sup>nd</sup> wave of COVID-19, when the whole of Bangladesh country came under lockdown.

## ii. Algeria

In Algeria, the Company secured a project for installing a double-track line of 93 km. The project was awarded by ANESRIF, the National Agency for the Planning and Implementation of Railway Investments, Ministry of Transport, Government of Algeria, at a value of Algerian Dinar 1,628 Crore (₹1,003 Crore converted). The project involves the construction of the second line and upgradation of an existing line, with a diversion of 10 km from Oued sly to Yellel in Algiers-Oran section of Algerian Railways. The value of the contract, including additional works for the realisation of the double line, has been revised to Algerian Dinar 3,268 Crore (₹2,248 Crore equivalent).

The project is likely to be completed in December 2023. The reasons for the delay include a significant increase in the scope of work, delay in payments due to non-allocation of funds to the project, excessive delay in the approval of amendments, delay in the approval of drawings and removal of obstructions, and delay in resolving the discrepancy in the mode of payments.

The work of 72 km new track has been handed over to the client in spite of the cash flow problems, which are hampering progress, particularly the structural works awarded to sub-contractors. Work on the existing line has also started in the first stretch of 32 km out of 77 km of the existing line, 6 out of 7 station buildings are ready to be handed over, and the

bridge construction work has also picked up with the assurance of timely payments. The client has assured uninterrupted payments, which will improve the progress of work and is expected to get completed by December 2023.

## iii. Sri Lanka

In Sri Lanka, the Company secured a project which includes Upgradation of Railway Line from Maho to Omanthai under Indian Line of Credit – Track Rehabilitation and ancillary works. The project is awarded by Sri Lankan Railways under the Ministry of Transport and Civil Aviation, Government of Sri Lanka at a value of US\$ 91.27 Million (equivalent to approx. ₹637.22 Crore). Scope of work includes Upgradation of single line Broad Gauge track from Maho-Omanthai of around 128 km length under Traffic Block. The project was awarded to IRCON in April 2019 with completion Period of 36 months (starting from date of receipt of advance payment). The project is financed through EXIM Bank of India as per Indian line of credit. The date of completion of the project as per the contract is November 28, 2022.

The project activities commenced upon the receipt of advance payment, and presently, Survey and Design has been completed, supply of Rails has been completed, while supply of PSC sleepers is in progress. Various other works like, production of track ballast, aggregate base course material and production of P-Way materials are in progress. Though the progress is severely hit by Covid-19 pandemic, yet the overall progress of the project is approx. 30%.

## iv. Nepal

In Nepal, the Company is executing the following two projects:

### (a) Construction of BG line between Jogbani (India)-Biratnagar (Nepal) on Indo-Nepal border

The project involves construction of new BG rail line from Bathnaha (India), Ch. 0.00 Km to Biratnagar (Nepal), Ch. Km 18.60. The proposed alignment in Indian portion (5.45 Km) falls in Araria district of Bihar State under Katihar Division of North East Frontier Railways and on the Nepal side (13.15 Km), in Morang district.

The project was awarded by North East Frontier Railway, Ministry of Railways at a value of ₹238.83 Crore in January 2011 with completion period of 02 years from the date of signing of the agreement or the date of handing over of incumbrance free land whichever is later. The revised value of ₹401.65 Crore is under approval of the Ministry of Railways. Scope of work includes Planning,



## BOARD'S REPORT

Design and construction of all the structures, earthwork, minor bridges, major bridges, tunnels and all the allied works including electrical, S&T and any other work (required for successful completion of the project) in connection with the Construction of New BG Rail line between Jogbani to Biratnagar.

The overall progress of the project is approximately 79.29%.

### **(b) Construction of BG Line by Gauge conversion Jayanagar (India)-Bijalpura (Nepal) with extension upto Bardibas on India Nepal Border**

The Project involves construction of new BG rail line from Jaynagar (India), Ch. 0.00 Km to Bijalpura (Nepal) with extension upto Bardibas, Ch. Km 68.72. The proposed alignment in Indian portion (2.975 Km) falls in Madhubani district of Bihar State and on the Nepal side (65.745 Km) in Mahottari district.

The project was awarded in October 2011 by East Central Railway at a value of ₹48 Crore with completion period of 3 years from the date of signing of the agreement or date of handing over of encumbrance free land whichever is later. The revised estimate of ₹ 783.81 Crore is under approval of the Ministry of Railways.

Scope of work includes, detailed construction survey for the alignment already finalized by East Central Railway along with geotechnical investigations, if any, for the work of Gauge conversion between line Jayanagar (India) to Bijalpura (Nepal) with extension of B.G. line to Bardibas (Nepal); construction work of the gauge conversion between Jayanagar (India) to Bijalpura (Nepal) with broad gauge line extension upto Bardibas (Nepal); and planning, design and construction of all the structures, earthwork, minor bridges, major bridges, tunnels and all the allied works including electrical, S&T and any other works (required for successful completion of the project) in connection with work of the gauge conversion between Jayanagar to Bijalpura with extension of BG line upto Bardibas (Nepal).

Section-1 of the Project i.e, from km 0.00 to 2.975 to km 34.900, Jaynagar-Kurtha, is completed; under Section-2 from Km 34.900 to km Km 52.34, Kurtha-Bijalpura, Signaling and Telecommunication work is in progress; and in Section-3 from Km 52.34 to Km 68.72, Bijalpura -Bardibas, land between Bijalpura-Bardibas has not yet been acquired by Government Nepal. The overall progress of the project is approximately 66%.

## FUTURE PROJECTS

The Company endeavours to continue its strategy of diversifying across industry segments and increase orders from foreign countries to capture better profit margins accorded by these projects as compared to domestic projects. Concerted efforts are being made to secure contracts in Bangladesh, Ghana, Sri Lanka, UAE, Malaysia, Oman, Maldives, and Phillipines.

## REAL ESTATE SECTOR

In terms of the Corporate Plan, IRCON has identified Real Estate Sector for selective diversification, keeping in view the tremendous potential in this Sector. In 2014, IRCON made investment for acquisition of land at NOIDA in the State of Uttar Pradesh on leasehold basis for 90 years and Gurugram in the State of Haryana.

IRCON was allotted total 8 plots in different sectors at NOIDA and construction activities at these plots have been completed and completion certificates have also been issued by the NOIDA Authorities. The Sector-1 commercial complex in NOIDA will be partially leased out after COVID-19 situation is normalised, as out of five floors three floors are being utilized as IRCON's Regional Office etc. Bidding to lease out the commercial building at Sector 48, NOIDA is under process, however, no response has been received due to the pandemic situation and a fresh strategy to lease / sell is under review. The leasing of Retail Mall in Sector 43, was finalized, but could not be concluded due to pandemic situation and fresh tender has been invited and is under process.

The Company is also developing property on a plot procured from Haryana Urban Development Authority (HUDA) in Sector 32, Gurugram, Haryana for which construction activities are completed and Completion Certificate have been issued HUDA. The property with 23000 square meters of built-up area including 2 level parking spaces is registered as 'IRCON International Tower'. It comprises of two towers of G + 13 and G + 5 along with 250-seater auditorium and a training centre along with a accommodation facility at a cost of ₹99 Crore approximately (including the cost of land of approx. ₹2.23 Crore). The process to lease out the property was initiated, however, due to pandemic the strategy needs to be modified. The possibility to sell the building is also being explored.

The Company had entered into a Memorandum of Understanding (MOU) on March 26, 2018, with the Rail Land Development Authority (RLDA) for transfer of leasehold rights to IRCON for commercial development on the land parcel measuring 4.3 (four points three) Hectare at Bandra East, Mumbai, Maharashtra, for 99 years against the payment of Upfront Lease Premium. In consideration of

# BOARD'S REPORT

its roles and responsibilities, IRCON is entitled to receive from RLDA, a fee for an amount equivalent to a total of 3% (three percent) of the Upfront Lease Premium and for financing the consideration of ₹3200 Crore, a tripartite loan agreement was executed between IRCON, RLDA and Indian Railway Finance Corporation Limited (IRFC) and repayment of the loan together with interest and all expenses thereon are guaranteed by RLDA. Mumbai Metropolitan Region Development Authority (MMRDA) has given its in-principle approval for providing entry and exit route for assimilation in the main traffic and the Plot may now be leased out. The MOU entered on March 26, 2018, has expired on March 31, 2021 and IRCON may not extend it any further.

## COMPANIES, JOINT VENTURE COMPANIES, AND ASSOCIATE COMPANIES

A brief background on the subsidiaries and joint ventures companies of IRCON along with their financials and performance is given at Appendix-B.

During the FY 2020-21, a new company viz. Ircon Guragon Rewari Highway Limited (IrconGRHL) has been incorporated as a wholly-owned subsidiary company on December 24, 2020. IrconGRHL has been formed as a Special Purpose Vehicle (SPV) as per the conditions of award of project 'Upgradation of Gurgaon-Pataudi-Rewari section of NH-352W from Km 0.00 to km 43.87 (design length 46.11 km) as a feeder route on Hybrid Annuity Mode under Bharatmala Pariyojana' in the State of Haryana, by National Highways Authority of India (NHAI) for value of ₹900 Crore.

In terms of the Company's Policy on the determining the "Material Subsidiary" and regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015), for the financial year ending March 31, 2021, IrconVKEL was determined as material subsidiary whose total income exceeds 10% of consolidated income of IRCON in the immediately preceding financial year i.e. March 31, 2020. Further details as regards the disclosure with respect to material subsidiary company has been provided as part of the Corporate Governance Report.

## COMPLIANCES PRESIDENTIAL DIRECTIVE

Presidential directives as issued from time to time on various matters like reservation policy for reserved category persons SC/ST roster in the employment, revision in pay scale 2017 etc. have been complied with.

## OFFICIAL LANGUAGE

The Company is undertaking various novel and

encouraging initiatives for extensive use of Hindi in the office. Some of them are:

- a. Pledge by all employees to work in Hindi completely on last Monday of every month.
- b. Rajbhasha Sanghasthi is being conducted on a quarterly basis in Corporate Office.
- c. Birthday wishes to employees, a thought and a word, contributed by different departments on rotational basis, a poem by renowned poets etc. are being displayed in Hindi at the reception.
- d. Thought of the day and a word in Hindi is displayed at reception, which is contributed by departments daily on rotation basis.

Every third month a meeting is conducted by Hindi Department with any one department in the Corporate Office in order to resolve issues faced in working in Hindi. In addition, regular quarterly meetings of Official Language Implementation Committee and quarterly workshops for effective use of the UNICODE system and official language are being conducted. Employees are being encouraged through various incentive schemes for the implementation of the Annual Programme of the Official Language Department. The bilingual facility has been introduced for computer systems and mobile phones used by officials of the Company. Bilingual formats have been made available at IRCON's internal website for use by the employees.

## RIGHT TO INFORMATION ACT, 2005

As per the requirements of the RTI Act, necessary, updated information including the names of Appellate Authority, Central Public Information Officer, Assistant Public Information Officer and State Level Public Information Officers are posted on IRCON's website. Queries received have been replied within the stipulated time. The queries mostly related to service matters/ recruitments, finance, contract, CSR and projects. The details of RTI cases have been published on Central Information Commission (CIC) website on quarterly as well as the annual basis, and a copy of the same is forwarded to the Ministry of Railways for information.

During the year 2020-21, 181 applications and 24 first appeals were received and at the beginning of the year, 9 applications and 2 appeals were under process for disposal within the allowable time limit (i.e. total 190 applications and 26 appeals during the year). Out of this, 184 applications (including opening balance of 9 applications) and 24 first appeals (including opening balance of 2 appeals) were processed/disposed off. As on March 31, 2021, 6 applications and 2 appeals were under process for disposal within the allowable time limit.

## BOARD'S REPORT

### COMPLIANCE OF MSME GUIDELINES FOR IMPLEMENTATION OF PURCHASE PREFERENCE POLICY

The Company has in place a comprehensive Purchase Preference Policy since June 2012 which is in line with the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 notified by the Ministry of Micro, Small and Medium Enterprises (Ministry of MSME) under section 11 of Micro, Small and Medium Enterprises Development Act, 2006. IRCON uses Central Public Procurement portal (CPPP) and Government e-Marketplace (GeM) portal for its procurement, which provides facilitation of registration of MSEs firms registered with any statutory bodies specified by Ministry of MSME and participation in e-tender by availing the benefits of exemption from payment of the cost of tender fee and Earnest money. All tenders valuing upto ₹200 Crore are invited using national competitive bidding in compliance to Public Procurement (Preference to make in India), Order 2017.

During the financial year 2020-21, the Company has procured items valuing ₹163.08 Crore from MSEs vendor against the expenditure valuing ₹380.15 Crore towards materials and stores. Value of items beyond the scope/capacity of MSE Vendors amounts to ₹84.30 Crore. Therefore, during FY 2020-21, the Company has achieved 55% of net procurement valuing ₹295.85 Crore from MSEs after excluding the value of items beyond the scope/capacity of MSEs in compliance to Procurement Policy. The Company has conducted a national level special vendor development Programme at the Corporate Office for MSEs, including SC/ST entrepreneurs on January 06, 2021.

In exercise of powers conferred by section 9 of the Micro, Small and Medium Enterprise Development Act, 2006, the Central Government issued instructions that all companies registered under the Companies Act, 2013 with a turnover of more than ₹500 Crore and all CPSEs shall be required to get themselves on-boarded on the Trade Receivables Discounting System (TReDS) platform, set up as per the notification of the Reserve Bank of India. The Registrar of Companies (RoC) in each State shall be the competent authority to monitor the compliance of such instructions and also the Department of Public Enterprises, Government of India shall be the competent authority to monitor the compliance of such instructions by the CPSEs. In compliance with the above instruction, the Company has boarded on the TReDS platform w.e.f. January 25, 2018, to facilitate the financing of trade receivables of MSEs by discounting of their receivables and realisation of their payment before the due date.

### HUMAN RESOURCE DEVELOPMENT

Human resource has always been one of the most valued stakeholders for IRCON. The Company is committed to

creating and maintaining an ideal work culture for an engaged and capable workforce to deliver for the future. We have strong values, pioneering practices, a culture of working together through joint consultation amongst Management and a very strong commitment towards community development. Our people practices have always been centered around employee welfare and wellness, creating an environment of collaboration and connection.

Human Resource Management (HRM) of IRCON is primarily concerned with the management of people within the organisation, focusing on policies and systems. HRM in IRCON is designed to maximise employee performance to achieve strategic objectives. The Company has adopted and aligned its HR strategy vis-a-vis systems and procedures, taking into account the business objectives and competence building needed for the organisation. HR strategy acts as a motivating factor for the employees who contribute to the core competence of the organisation to create a match between the Company's future needs and the aspirations of individual employees.

IRCON's HR Philosophy is rooted in encouraging employee empowerment, growth and development of individuals by realizing their potential, encouraging innovative ideas and fair distribution of rewards. Its work culture is open and dynamic, enabling employees to take the initiative in jobs with the active support of the top management. It is an employer of choice and attracts the best available talent with skill sets required for the growth and development of the organisation.

Right placement and refinement of employees is the primary function after induction by which the Company maintains the alignment of individual performance and goals with that of IRCON's Goals. Adequate care is taken to provide a working environment for the employees conducive to their good health.

The Company has a performance-oriented culture wherein the contribution of every employee to the organisation is measured and suitably rewarded. IRCON has a sound and result-oriented Performance Management System (PMS). The system promotes the Company's philosophy of rewarding and recognizing meritocracy at all levels and support the development of executives through a structured approach is woven into the appraisal of the Company.

### MANPOWER STRENGTH

The total manpower strength of IRCON as on March 31, 2021, stood at 1,298, (previous year 1369) which included 1,018 regular employees, 26 employees on deputation, 250 on contract (including service contract) and 04 on fixed tenure basis. Out of the total 1,298 employees of

# BOARD'S REPORT

the Company, 1,249 have been posted on Indian projects and 49 on international projects. Among 1298 employees, 948 are technically and professionally qualified. The total number of women employees was 62 as at the end of the year. The total manpower strength has reduced from the previous year, as the Company is looking for ways to optimize the costs.

During the year, the total newly employed personnel stood at 104, which included 11 regular employees, 04 employees on deputation, and 89 on contract (including service contract).

## RESERVATION IN EMPLOYMENT

The Company continues to give utmost importance to the implementation of the policies and directives of the Government of India in matters relating to reservations in the employment of candidates belonging to Scheduled Caste (SC)/Scheduled Tribe (ST)/other backward classes (OBC) and differently-abled categories. There was a total of 512 SC/ST/OBC and differently-abled employees as on March 31, 2021.

Further, during the FY 2020-21, 11 employees were inducted against regular posts, out of which 06 belong to SC/ST/OBC and differently-abled categories. Similarly, 78 employees were recruited against the contractual positions, out of which 44 belong to SC/ST/OBC and differently-abled categories.

In FY 2020-21, training has been given to 611 employees, out of which 211 belong to these categories. To ensure the welfare of these employee categories, the Company has appointed Liaison Officers of SC/ST/OBC and differently-abled employees.

The infrastructure of the Company is well built catering to the needs of differently-abled employees.

## TRAINING AND HUMAN RESOURCE DEVELOPMENT

IRCON puts a lot of emphasis on development and career progression of employees. Training programs are organised throughout the year. During the FY 2020-21, in-house training programmes across all levels of employees were organised. Professional programmes, workshops and seminars organised by reputed and prestigious institutes / agencies were carefully identified in line with business needs of IRCON, and suitable officers were nominated for such programmes.

The Company has been continuously taking steps for building capacity of its human resource through training in functional and general management areas, contract and arbitration, leadership, information technology, as well as soft skills. External faculty is arranged wherever required, and officials are nominated for carrying out workshops and seminars with reputed institutes. Employee Development

has always been a priority for the Company, and various training and development plans have been initiated from time to time. During the FY 2020-21, a total 1084 man-days training was imparted to officials of IRCON through workshops, seminars, conferences, in-house training and training in external institutes.

## EMPLOYEE WELFARE

The Company has adequate and robust schemes in place for the welfare of the employees. These are subsidised canteen facility, health cover, medical scheme, post-retirement medical scheme, post-retirement pension scheme, periodic health check-ups at regular intervals, allowances, self-lease for residential accommodation, educational scholarships to the wards of employees, a one-time educational grant for admission to professional degrees and diploma courses, educational awards to meritorious children of employees, educational assistance to the wards of deceased employees, assistance for marriage of daughters and dependent sisters of employees in non-executive categories, facility of free homoeopathy and allopathy consultancy at Corporate office, and resort facilities for employees and their family members on concessional rates through Dalmia and Sterling Resorts.

## DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company aims to provide a congenial and safe working atmosphere for women employees. The Company has in place a comprehensive policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace covering all the employees (on regular including deputationists, temporary, ad-hoc, contract / service contract or daily wages basis, either directly or through an agency, including a contractor, co-worker, a contract worker, probationer, trainee, apprentice etc.) of the Company and the same is available at the website of Company.

The Company has complied with the provisions relating to the constitution of the Internal Complaints Committee as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Company has a five-member complaints committee for the prevention of sexual harassment at workplace comprising of four officials of the Company and one external member from NGO. Further, provision pertaining to the prohibition of sexual harassment has also been incorporated in IRCON Conduct, Disciplinary, and Appeal Rules. No complaints relating to sexual harassment has been received by the Company during the year or pending from the previous year.

## BOARD'S REPORT

### CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Stemming from the belief that what comes from society should go back to society, corporate social responsibility and sustainability are deep-rooted in the culture of the organisation.

IRCON has long recognised social responsibility as an integrated part of its overall business strategy. We believe that there is a definite connection between a robust business and a healthy community. They are not mutually exclusive, and today, it is more important than ever that we all realise this and come together to shape inclusive economies and cultures and extend opportunities for all.

Our strategy is to develop solid and thoughtful initiatives to impact our communities to a more considerable extent. We carefully integrate social and environmental concerns in our business operations and interactions with our stakeholders. Our CSR activities extend into the areas of education, employment and skill development; environment sustainability; clean water & sanitation; sports; homes & shelters; culture & heritage; rural transformation; and contribution to PM CARES fund set-up by the Central Government.

During the year under review, the Company has spent ₹10.42 Crore on CSR activities. Further, DPE has issued guidelines for CSR expenditure vide O.M. dated December 10, 2018, and on June 1, 2020, to CPSEs which inter-alia provide adoption of a theme-based approach for undertaking CSR activities, to spend minimum 60% of the annual CSR allocation for thematic programs and give preference to the aspirational districts under their CSR. For the FY 2020-21, 'Health & Nutrition' has been kept as a common theme for undertaking CSR activities for FY 2020-21. IRCON CSR Budget for the FY 2020-21 was ₹10.42 Crore, and the total fund donated to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) is ₹15.50 Crore. Due to the maximum amount donated to PM CARES Fund, IRCON was able to spend only ₹0.71 Crore against the DPE theme.

The CSR Policy providing guidelines to conduct CSR activities of the Company, is available on the website of the Company [www.ircon.org](http://www.ircon.org). The format of Annual Report on CSR & Sustainability activities in terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated January 22, 2021 is annexed and forms part of this report.

### QUALITY, HEALTH AND SAFETY

#### QUALITY

IRCON is a pioneer Public Sector Organization in

adopting the Quality Management System Certification in the domestic as well as International Markets. Quality Management System (QMS) has been successfully sustained and continually improved since 1996 when the Company as a whole was first certified for ISO: 9002-1994 by TUV SUD Private Limited. We have continued the certification and sustained the system as per the latest version of Quality Management Standards, i.e. ISO: 9001 – 2015 (by periodical re-certification audit after the expiry of every three years). Latest re-certification audit was conducted in January 2020, whereby the Company has been re-certified by TUV SUD South Asia Private Limited for a period of another three years, i.e. up to March 2023.

### SAFETY HEALTH AND ENVIRONMENT MANAGEMENT (SHE)

The Company established an Environment Management System (EMS) and was certified for ISO: 14001-2004 in October 2011. The latest re-certification audit for ISO 14001-2015 was conducted in January 2020 whereby the Company has been re-certified for another three years, i.e. up to February 2023. IRCON also have ISO:45001-2018, and re-certification of ISO:45001-2018 is due on December 27, 2021.

### ENVIRONMENT MANAGEMENT

The Company established an Environment Management System (EMS) and was certified for ISO:14001-2004 in October 2011. The latest re-certification audit for ISO 14001-2015 was conducted in January 2020 whereby the Company has been re-certified for another three years, i.e. up to February 2023.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND UPGRADATION

#### CONSERVATION OF ENERGY

#### STEPS TAKEN OR IMPACT ON THE CONSERVATION OF ENERGY:

The grid-connected solar power plant of 3MW capacity with all the electrical and associated equipment including civil works at Rail Coach Factory, Rae Bareilly (Uttar Pradesh). The plant is fully operational and meets about 36% of the electrical energy requirement for the factory.

Further, IRCON has placed the order for design, supply, installation, testing and commissioning of grid-interactive rooftop solar photovoltaic power generation plant of 218KWp capacity with all the electrical and associated equipment including structure works at New State-Of-Art Building of Department of Science and Technology at Technology Bhavan, New Mehrauli Road, New Delhi is under progress.

# BOARD'S REPORT

Moreover, additional capacitor banks have been installed at the Corporate Office buildings to improve the power factor, which would further reduce the Electrical Energy consumption to approx. 12-15%.

- a) Additional 10 KW Roof Top Grid Connected Solar Power Plant at Corporate Office is a step to conserve energy. This Solar Power Plant is in addition to the existing capacity of 80 KW and has been implemented after energy audit contributing to environment through usage of Green Energy. Total energy produced by Solar Power plant is 44,853 units of kWh which are 3.1% of the energy being drawn from BSES, i.e. 14,27,380 units or kWh. Hence, the total energy conservation per annum is 3.1%.
- b) Capacitor banks have been installed at Corporate Office building to improve power factor, which further reduces the Electrical Energy consumption. Total energy saved by capacitor banks is 2,20,903 units or kWh per annum.
- c) The internal lighting of Corporate Office building by energy-efficient LED lamps also add in an energy saving of approx. 3,00,000 units or kWh per annum.

## STEPS TAKEN BY THE COMPANY FOR UTILISING ALTERNATE SOURCES OF ENERGY:

The Company is utilising the following an alternate source of energy:

- a) Diesel Generator Sets – New State-Of-Art Building of Department of Science and Technology at Technology Bhavan, New Mehrauli Road, New- Delhi – 1500KVA x2 sets.
- b) UPS – New State-Of-Art Building of Department of Science and Technology at Technology Bhavan, New Mehrauli Road, New-Delhi – 1×100KVA, 1×60KVA and 1×15KVA.

## CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENT:

During the year, the company has not made any capital investment on energy conservation equipment.

## TECHNOLOGY ABSORPTION AND UPGRADATION

### EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION:

Towards technology upgradation, the Company has purchased a New Track Construction (NTC) machine for Dedicated Freight Corridor Project, CTP-12 (DFC project), which is successfully commissioned to improve productivity, safety, efficiency and quality in track laying at DFC Project. At present, only two companies have this machine.

Moreover, use of e-Office has been started at the Corporate Office, and other project offices from January 2020 to enhance transparency, accountability, data integrity, promote greater collaboration in the workplace and effective knowledge management.

## BENEFITS DERIVED LIKE PRODUCT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT OR IMPORT SUBSTITUTION.

With the deployment of NTC machine, 260-meter long rail panel can be laid with uniform sleeper spacing and minimum manual interface. This ensures a better quality of track laying and faster progress of track laying with 1.5 km completion per day.

## IN CASE OF IMPORTED TECHNOLOGY (IMPORTED DURING THE LAST THREE YEARS RECKONED FROM THE BEGINNING OF THE FINANCIAL YEAR)

- a. Details of technology imported  
The technology of laying longer rail panels at a 260-meter length by machine is being used by Dedicated Freight Corridor Corporation of India Limited (DFCCIL) [one of the CPSE under the Ministry of Railways] for the first time in Indian Railways. IRCON also being a contractor of DFCCIL has purchased the machine i.e. New Track Machine (NTC) from M/s Harsco, USA along with the supervision so as to train our Indian team deployed in the project to get efficient for adoption of the technology in long run.
- b. Year of import 2019
- c. Whether the technology been fully absorbed  
As of now, 8.5 Track kms of long panels (Scope 372 kms) have been laid.
- d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof;  
Due to various site constraints the laying of long rail panels duly using NTC may take another 1-1/2 to 2 years and accordingly absorption of this technology will be a slow process.

## RESEARCH AND DEVELOPMENT

The Company does not undertake any pure research project but takes the help of consultants and firms to innovate and to develop methods and techniques to execute projects in a cost-effective manner, with requisite quality, to enhance the technical competence and efficiency.

## INFORMATION TECHNOLOGY AND ERP

Information Technology in the Company is not only a service provider but is also being used for productivity

## BOARD'S REPORT

enhancement. The Company has in place SAP ECC based Enterprise Resource Planning (ERP) application in the areas of Finance Controlling and Human Resource Management to improve information availability, transparency and decision making. SAP Business Objects (SAP BO) has also been implemented to automate the financial reporting of the organisation. This reporting tool takes the real-time data from SAP ECC and helps in preparation of Balance Sheet, Statement of Profit & Loss, Statement of changes in equity, Cash Flow etc. on-demand basis. This automation process is under completion and has led to a drastic reduction in time and effort required to prepare and finalise the books of accounts at the end of the quarter/year. IRCON is currently in the process of implementation of SAP S/4 HANA covering end-to-end business processes of the organisation. SAP servers are hosted on cloud to ensure high availability security and flexibility for capacity augmentation.

As a step towards a paperless office, e-office system from NIC has been implemented for online movement and approvals of files and note sheets and has replaced the physical file system. The e-office system has already been deployed for all domestic and foreign projects of IRCON. The video conferencing facility is being widely used for conducting review meetings with Project Heads, training, promotion interviews etc. especially in the era of COVID-19, it is considered to be one of the important tools for effective and efficient review of the Projects and other meetings including Board and its Committee meetings. The intranet application for employees has been revamped catering to the information needs of employees across the organisation including Employees Self Service (ESS) functionality covering Leave & Attendance, Online viewing of Payslip and Provident Fund (PF) statement etc.

The Company has implemented Wi-Fi with proper security features at Corporate Office to enable mobiles and Bring Your Own Devices (BYOD) of employees to be connected to the Company network. In order to improve upon efficiency and bringing transparency in the procurement process in the organisation, the e-procurement platform has been moved to GePNIC, which is developed by National Informatics Centre (NIC), i.e., Ministry of Electronics & Information Technology, Government of India.

The Company has upgraded its Network Infrastructure at Corporate Office to ensure the state-of-the-art set up for digital transactions and projects connectivity. Keeping in view the need for Information and Cybersecurity, effective measures are being taken to deploy the latest threat management tools to prevent any cyber- attack or data theft.

## CORPORATE GOVERNANCE

The Company ensures that it evolves and follows the corporate governance guidelines and best practices diligently, not just to boost long-term shareholder value but also to respect minority rights. It is the inherent responsibility of the Company to disclose timely and accurate information regarding the operations, performance, leadership and governance of the Company.

Pursuant to Regulation 34 of the Listing Regulations and DPE Guidelines on Corporate Governance, the Corporate Governance Report, along with compliance certificates of Corporate Governance norms under the SEBI Regulations, 2015 and Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Undertakings issued in May 2010, are annexed and forms part of this report.

## BOARD OF DIRECTORS AND KMPs

As on March 31, 2021, Company has five directors of which four are whole-time directors [Chairman & Managing Director, Director (Finance), Director (Projects) and Director (Works)], one is Government Nominee Director.

Pursuant to Section 203 of the Companies Act, 2013, the Board of Directors of the Company has designated all the whole-time Directors and Company Secretary as the Key Managerial Personnel (KMP) of the Company; and Chairman & Managing Director (CMD) and Director (Finance) have been designated as CEO and CFO, respectively.

The Key Managerial Personnel of the Company during the FY 2020-21 were – Dr. S.K. Chaudhary, Chairman and Managing Director & Chief Executive Officer, Shri Mukesh Kumar Singh, Director (Finance) & Chief Financial Officer, Shri Yogesh Kumar Misra, Director (Works), Shri Shyam Lal Gupta, Director (Projects) and Ms. Ritu Arora, Company Secretary.

With effect from December 28, 2018, the Company is not having prescribed number of Independent Directors on the Board of the Company and during the FY 2020-21 the Company did not have a woman director. Accordingly, the Company has requested the Ministry of Railways for appointment of requisite number of Independent Directors (including woman director) in order to comply with the statutory requirements.

## DIRECTORS WHO WERE APPOINTED DURING THE YEAR

Shri Dhananjaya Singh (DIN: 08955500), Executive Director (Works), Railway Board was appointed as Part-Time (Official) Director of the Company w.e.f. November 10, 2020. The details of Shri Dhananjaya Singh

## BOARD'S REPORT

to be regularized as Director at the ensuing AGM, are contained in the Notice convening the ensuing AGM of the Company.

### **DIRECTORS WHO WERE APPOINTED & ALSO WHOSE TENURE HAS ENDED DURING THE YEAR**

Shri Sudheer Kumar (DIN: 01429832), Additional Member (Planning) Railway Board was appointed as Part-time (Official) Director of the Company w.e.f. May 12, 2020. He ceased to be Director of IRCON on June 30, 2020, consequent upon his superannuation from the post of Additional Member (Planning), Railway Board.

Shri Ashutosh Gangal (DIN: 07057313), Advisor (Planning), Railway Board was appointed as Part-Time (Official) Director of the Company w.e.f. August 27, 2020, and regularised as Director at the last Annual General Meeting (AGM) held on September 29, 2020. He ceased to be the Part-Time (Official) Director w.e.f. October 27, 2020, consequent upon assumption of charge to the post of General Manager, Northern Railway.

### **OTHER DIRECTORS WHOSE TENURE ENDED DURING THE YEAR**

- i. Shri Balasatya Venkataramana Chitta (DIN: 03179171), Independent Director, on September 19, 2020 (due to end of tenure);
- ii. Dr. Narinder Singh Raina (DIN:07968391), Independent Director, on September 19, 2020 (due to end of tenure);
- iii. Shri Hari Mohan Gupta (DIN: 08453476), Part-time (Official) Director on October 12, 2020 [due to relieving from the Railway Board, consequent upon his appointment as Director (Infra), DFCCIL, on absorption basis, relieved from the Railway Board];

### **DIRECTORS & KMP WHOSE TENURE ENDED AFTER THE CLOSE OF THE YEAR**

Consequent upon attaining the age of superannuation on April 30, 2021, Dr. S.K. Chaudhary superannuated from the post of Chairman & Managing Director, IRCON; hence, ceased to be CEO, Director and KMP of IRCON.

### **DIRECTORS & KMPs APPOINTED AFTER CLOSE OF THE YEAR**

After the close of the FY 2020-21, Shri M.K. Singh, Director (Finance) assumed the additional charge of the post of Chairman & Managing Director of IRCON w.e.f. May 01, 2021, in addition to his own, for a period of three months w.e.f. May 01, 2021 or until further orders. Shri M.K. Singh was nominated as CEO w.e.f. June 11, 2021 to fill the vacancy caused upon the superannuation of Dr. S.K. Chaudhary. In view of appointment of Shri M.K. Singh, as CEO of the Company, he ceased to be CFO w.e.f. June 11, 2021.

Shri Surajit Dutta, CGM (Finance-HQ) is designated as Chief Financial Officer (CFO) and KMP of the Company, w.e.f. June 11, 2021, in place of Shri M.K. Singh.

Shri Rajesh Argal (DIN: 09171980), is appointed as Part-time (Official) Director on the Board of the Company w.e.f. May 13, 2021. He has been appointed as an Additional Director of the Company and shall hold the office upto the date of ensuing Annual General Meeting (AGM).

The details of Shri Rajesh Argal and Shri Dhanajaya Singh Part-time (Official) Directors to be regularized as Director at the ensuing AGM, are contained in the Notice convening the ensuing AGM of the Company.

### **INDEPENDENT DIRECTORS' DECLARATION**

The Company has received necessary declaration from all Independent Directors in accordance with Section 149(7) of the Companies Act, 2013, read with Regulations 16 and 25(8) of the Listing Regulations that he/she meets the criteria of independence as laid out in Section 149(6) of the Companies Act, 2013 and Regulations 16(1)(b) and 25(8) of the Listing Regulations. The declarations have been noted by the Board of Directors.

The Ministry of Corporate Affairs (MCA) has issued certain notifications in October 2019, relating to the creation and maintenance of the data bank for independent directors by Indian Institute of Corporate Affairs at Manesar, Haryana (IICA). The Indian Institute of Corporate Affairs (IICA) under Section 150(1) of the Companies Act, 2013 to conduct Online Proficiency Self-Assessment. IICA by complying with Rule 6(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014 will conduct this test through this Independent Director's Databank. Accordingly, all the Independent Directors of the Company during FY 2020-21 had registered their names on data bank of IICA.

### **RETIREMENT OF DIRECTORS BY ROTATION**

The Companies Act, 2013 provides that the provisions in respect of retirement of Directors by rotation will not be applicable to the Independent Directors. In view of this, no Independent Director is considered to be retiring by rotation. However, all other directors are considered to be retiring by rotation. Accordingly, as per provisions of section 152 of the Companies Act, 2013, one third among all other directors (excluding Additional Directors whose tenure will end at the AGM) namely Shri Yogesh Kumar Misra, Director (Works) [DIN:07654014] is liable to retire by rotation and being eligible, offer himself for re-appointment.

The details of Directors seeking appointment / re-appointment at the ensuing AGM are contained in the Notice convening ensuing AGM of the Company.



## BOARD'S REPORT

### BOARD & COMMITTEE MEETINGS

The Board met 9 times during the FY 2020-21, on April 30, 2020; July 10, 2020; July 15, 2020; August 25, 2020; October 28, 2020; November 11, 2020; December 17, 2020; February 13, 2021; and February 15, 2021. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013, DPE Guidelines and the Listing Regulations.

Moreover, during FY2020-21, the Audit Committee of the Board met 10 times, the Nomination and Remuneration Committee met 5 times, and the Stakeholders' Relationship Committee, the CSR & Sustainability Committee and the Risk Management Committee of the Board, each met one time.

No meeting of Independent Directors Committee was held during the FY 2020-21, as after the end of tenure of two Independent Directors on September 19, 2020, only one Independent Director was left in the Company from September 20, 2020 to March 07, 2021.

During the FY 2020-21, all the meetings of the Board were held at the Company's Registered Office, in New Delhi, through Video Conferencing mode. Due to COVID-19 pandemic, the meetings of the Board of Directors could not be held at tourist locations as per the Office Memorandum of DPE on this matter.

### SELECTION OF NEW DIRECTORS AND BOARD MEMBERSHIP CRITERIA

IRCON being a Government Company, the appointment of directors on its Board is made by the President of India through the Administrative Ministry, Ministry of Railways. The key qualifications, skills, expertise and attributes of the Directors is included in the Corporate Governance Report.

### EVALUATION

IRCON is a Government Company under the administrative control of Ministry of Railways. The selection procedure for all the directors is also laid down by the Government of India, and all the directors of the Company have been appointed in accordance with the said procedure. The functional directors including Chairman and Managing Director (CMD) are selected on the recommendations of Public Enterprises Selection Board (PESB) in accordance with the procedure and guidelines laid down by Government of India, and there are system and procedure laid down by Department of Public Enterprises (DPE) for evaluation of its functional directors including CMD. The evaluation framework for assessing the performance of functional directors comprises of the following key areas:

a) Performance of the Company under the MOU signed with the Ministry of Railways.

b) Performance with respect to the targets fixed for the respective director.

c) The evaluation includes self-evaluation by the respective functional directors and subsequent assessment by CMD, and thereafter final evaluation by the Ministry of Railways (the Administrative Ministry).

d) In respect of CMD, the evaluation includes self-evaluation and final evaluation by the Ministry of Railways.

In respect of Government Nominee Directors, their evaluation is done by the Ministry of Railways as per the procedure laid down. Since Independent Directors are also appointed by the Government of India, their evaluation is also done by the Ministry of Railways and finally by DPE.

### REMUNERATION POLICY FOR THE BOARD AND SENIOR MANAGEMENT

IRCON being a Government Company, the remuneration payable to its functional directors, senior management officials, and all other employees is in accordance with the guidelines issued by Department of Public Enterprises (DPE). As required in terms of section 178(4) of the Companies Act, 2013, the salient features of the policy relating to the remuneration for the key managerial personnel and other employees is placed on the website of the Company at the web address [www.ircon.org](http://www.ircon.org) (HRM and Career Sections). The remuneration policy of the Company and the procedure and policy for appointment of Senior Management are reviewed and recommended by the Nomination & Remuneration Committee before its approval by the Board of Directors.

Further, as per provisions of section 197 of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose certain details of the remuneration of the Directors in the Directors' Report. However, as per Notification No. GSR 463(E) dated June 5, 2015, issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of section 197 of the Companies Act, 2013.

Accordingly, IRCON being a Government Company such particulars are not included as part of the Directors' Report. However, remuneration paid to directors during FY 2020-21 is disclosed in the Corporate Governance Report.

### INTERNAL CONTROL SYSTEMS AND INTERNAL AUDIT

The Company has in place adequate financial controls with reference to financial reporting in compliance with

# BOARD'S REPORT

the provisions of the Companies Act, 2013 and such internal financial controls over financial reporting were operating effectively. The controls have been designed to provide assurance with respect of maintenance of proper accounting records, ensuring the orderly conduct of its business including adherence to the company's policies, safeguarding of its assets, prevention and detection of fraud and errors and ensuring the reliability of financial and operational information. The internal control system (including Internal Financial Controls over Financial Reporting) are reviewed on periodic, and necessary changes are carried out to align with the changing business requirements.

Details of the internal control system are provided in the Management Discussion and Analysis Report.

## CODE OF PREVENTION ON INSIDER TRADING

Your Company has adopted a Code of Conduct for Fair Disclosure for Prevention of Insider Trading, to regulate, monitor and report trading by designated persons and their immediate relatives and code for practices and procedures for fair disclosure of unpublished price sensitive information as per the requirement under SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct for Fair Disclosure for Prevention of Insider Trading as approved by the Board is uploaded on the company's website of the Company [www.ircon.org](http://www.ircon.org) under Codes and Policies in the Investors section

## RISK MANAGEMENT

The Company has an elaborate Enterprise Risk Management (ERM) framework, including risk management policy for risk identification and its mitigation.

As per the Listing Regulations, the requirement of Risk Management Committee is applicable with effect from April 1, 2019. The Company, however, is already having a Board level Risk Management Committee comprising Director (Finance), Chairman, and Director (Projects), and Director (Works) as members.

During the year, one meeting of the Risk Management Committee was held on May 27, 2020.

Details of the Risk Management System are provided in the Management Discussion and Analysis Report and the Risk Management Committee are provided in the Corporate Governance Report.

## WHISTLE BLOWER POLICY/VIGIL MECHANISM AND VIGILANCE ACTIVITIES

Being a Government Company, the Company has a separate Vigilance Department which deals with fraud or suspected fraud involving employees/ representatives

of suppliers, contractors, consultants, service provider or any other party doing business with the Company. Whistle Blower and Fraud Prevention and Detection Policies have been approved by the Board of Directors and are available on the website of the Company. The Company has in place the necessary vigil mechanism for employees and directors to report to the Management concerns about unethical behaviour, actual or suspected fraud, violation of the Company's Code of Conduct or ethics policy and instances of a leak of unpublished price sensitive information. If one raises a concern under this Policy, the complainant will not be at risk of suffering any form of reprisal or retaliation (including discrimination, reprisal, harassment or vengeance) in any manner. No person has been denied access to the Chairman & Managing Director, IRCON or to Chairman of the Audit Committee.

The Vigilance Department plays an advisory role to the top management in matters pertaining to vigilance. It is headed by a full-time Chief Vigilance Officer (CVO) appointed by the Appointments Committee of the Cabinet (ACC) in consultation with Central Vigilance Commission.

The Department ensures implementation of laid down guidelines/procedures through preventive checks of tenders and contracts, execution of works, and other functions as well as carry out investigations into complaints. During FY 2020-21, the Department has carried out 04 periodic inspections on high-value projects. Apart from periodic inspections department has carried out 09 preventive inspections on high-value tenders floated from the corporate office.

Complaints raised against officials and procedures by various Authorities (such as CVC/Railway Board Vigilance, CBI, and Prime Minister's Office) and received from other sources were investigated to their logical conclusion. During FY 2020-21, the Department has received a total of 15 complaints, out of which 11 complaints were disposed off. The complaints were related to the awarding of tenders only. In addition, scrutiny of immovable property returns of employees, creating awareness on rules/procedures/common irregularities in execution through workshops, training, debate, and competitions are the prime activities of the Department.

As a step towards 'Leveraging of Technology' for better transparency, Immovable Property Returns, are filed by the officer thorough online system since 2012-13, and the process is running successfully. Vigilance Clearance, filing of vigilance complaints are also done through online system since years. E-Procurement has already been started w.e.f July 1, 2013, in the organisation in a

## BOARD'S REPORT

comprehensive manner for achieving transparency for all value of the work.

"IRCON Career" application has been provided in the public domain to ensure that the public at large receives alerts and updates over the mobile phone regarding recruitment activities at IRCON.

IRCON has adopted Integrity Pact (IP) as recommended by the Central Vigilance Commission (CVC) on June 24, 2014, for tenders/contract for works and supply with an estimated value of ₹5 Crore and above on all Indian Projects. The Integrity Pact is made a compulsory document in the conditions of model e-Procurement Documents for all works. Moreover, IRCON has an Integrity Pact tool which is developed by Transparency International India and it ensures that all activities and transactions between a Company or Government Departments and their Suppliers are handled in a fair, transparent and corruption-free manner.

As per the provision of Integrity Pact and relevant guidelines of Central Vigilance Commission, Dr. T.M. Bhasin has been appointed as an Independent External Monitor (IEM) on November 27, 2020 to receive any complaints from the bidder and submit the investigation report.

Vigilance strives to achieve its objective of promoting an impartial, fearless, and transparent environment in the functioning of the organisation by taking steps to prevent unethical practices.

### RELATED PARTY TRANSACTIONS

Prior omnibus approval of the Audit Committee is obtained on yearly basis for all Related Party Transactions with the subsidiaries and joint venture companies which are of foreseen and repetitive nature valuing upto ₹1 Crore in a financial year. The transactions entered into, if any, pursuant to the omnibus approval granted, are placed before the Audit Committee on a quarterly basis.

The "Disclosure of Related Party Transactions" with subsidiaries and joint venture companies that are at arm's length and in ordinary course of business are disclosed in Form AOC-2, pursuant to Section 134(3) (h) of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014. Further, the disclosure in of all related party transactions including the transactions entered in terms of regulation 53(f) of the Listing Regulations 2015 forms part of the financial statements.

The Related Party Transaction Policy of the Company as approved by the Board is uploaded on the company's website of the Company under the 'Investors' section at [www.ircon.org](http://www.ircon.org).

### DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- i) that in the preparation of the financial statements, the applicable accounting standards had been followed except as otherwise stated in the annual financial statements and there has been no material departure;
- ii) that such accounting policies were selected and applied consistently and such judgments and estimates were made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended on March 31, 2021, and of the profit of the Company for the FY 2020-21;
- iii) 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;
- iv) that the financial statements have been prepared on a going concern basis;
- v) that internal financial controls were adequate and operating effectively; and
- vi) that proper system has been devised to ensure compliances with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### BUSINESS RESPONSIBILITY REPORT

The "Business Responsibility Report" in compliance with the provisions of regulation 34 of the Listing Regulations, in the format prescribed under SEBI Circular no. CIR/CFD/CMD/10/2015 dated November 4, 2015, is placed at page no. 115. The report describes the initiatives taken by IRCON from an environmental, social and governance perspective.

### MOU RATING / AWARDS

In terms of the DPE guidelines, every year a Memorandum of Understanding (MOU) is entered between Ministry of Railways and IRCON on selected parameters having targets normally decided before the start of new financial year and results evaluated after the end of the year to measure the performance of the Company. Based on the MOU parameters and performance for the year 2018-19, the Company has been rated as Excellent. The MOU performance for the FY 2019-20 is under evaluation.

# BOARD'S REPORT

The Company has received the following awards during the year 2020-21:

S. NO.	DATE OF RECEIPT OF AWARD	NAME OF THE AWARD	CATEGORY / PROJECT
1.	25.09.2020	5th National PSU Summit Award by Elets Magazine / egov	Smart Infrastructure for Indian Railways
2.			Building Sustainable Infrastructure & Development
3.			Digital Transformation during COVID-19
4.	14.10.2020	National Awards for Excellence in PSU by World HRD Congress	Innovation Social Media Outreach
5.			Increasing the Geo-Strategic Reach
6.	15.10.2020	8 <sup>th</sup> FICCI Quality Systems Excellence Award by FICCI	Good practices in quality systems
7.	17.12.2020	13 <sup>th</sup> D.L. Shah Quality Awards by Quality Council of India	Contribution in the Tunneling Industry at Udampur Srinagar Baramullah Rail Link Project in the state of J&K
8.	16.02.2021	Dream Companies to work for by ET Now: World HRD Congress Awards	Dream Companies to work for (PSU Sector)
9.			Dream Companies to work for (Overall Rank 20)
10.	18.02.2021	Best Covid-19 Solution for Workforce Management by World CSR Congress Awards	Best Covid-19 Solution for Workforce Management
11.		Best Corporate Social Responsibility Practices by World CSR Congress Awards	Best Corporate Social Responsibility Practices
12.	07.03.2021	12 <sup>th</sup> CIDC Vishwakarma Award for Best Professionally Managed Company by Construction Industry Development Council (CIDC)	In > ₹ 1,000 Crore turnover category
13.		12 <sup>th</sup> CIDC Vishwakarma Award for Best Construction Project by CIDC	For Mathura – Kasganj project
14.		12 <sup>th</sup> CIDC Vishwakarma Award for Corona Warriors by CIDC	For Corona Warriors category
15.		CIDC Vishwakarma partners in Progress Trophy 2021 by CIDC	For display of utmost commitment and drive to create a vibrant work environment

Further, in addition to the above awards, Dr. S.K. Chaudhary, CMD, IRCON has also received prestigious awards like Exemplary Leader of the Year by World HRD Congress, Outstanding Leadership & great contributions to the Infrastructure Sector by Honoris Causa D. Litt. (Doctrin de Litterature Honoris Causa) By Kalinga Institute of Industrial Technology (KIIT) University, Business Leader of the Year Award, 12<sup>th</sup> CIDC Vishwakarma Award for Industry Doyen by Construction Industry Development Council etc.

## AUDITORS

### STATUTORY AUDITORS

The Comptroller & Auditor General of India (C&AG) appointed M/s HDSG & Associates as the single Statutory Auditors of the Company except for foreign projects, for which C&AG has appointed the following as statutory auditors, for the FY 2020-21:

### BRANCH AUDITORS FOR INTERNATIONAL PROJECTS

M/s Kerbal Ahmane	Algeria Project
M/s Jaysinghe & Co.	Sri Lanka Project
M/s Toha Khan Zaman & Co.	Bangladesh Project

\* The completed foreign projects at Mozambique, Afghanistan, Ethiopia, South Africa, Malaysia and Bhutan were audited by the Statutory Auditor at the Corporate Office.

### COST AUDITORS

The Board of Directors has appointed M/s R.M. Bansal & Co., Cost Accountants, (having firm Registration No. 000022) as Cost Auditor of the Company for the FY 2020-21 for conducting the audit of cost records maintained by the Company as per the applicable Rules / Guidance Note, etc.

## BOARD'S REPORT

### SECRETARIAL AUDITORS

In pursuant to the provisions of section 204 of the Companies Act, 2013 and Regulation 24A of the Listing Regulations, the Board of Directors has appointed M/s Kumar Naresh Sinha & Associates, Practising Company Secretary as Secretarial Auditor for conducting Secretarial Audit of the Company for the FY 2020-21.

### INTERNAL AUDITORS

The Board of Directors have appointed following Internal Auditors for the Indian Projects for the FY 2020-21; and the Internal Audit of the foreign projects are done internally by employees of the Company:

#### INTERNAL AUDITORS FOR INDIAN PROJECTS

M/s Ravi Rajan & Co., Chartered Accountants, New Delhi	Corporate Office
M/s SPMR & Associates, Chartered Accountants, New Delhi	Northern Region
M/s Keshri & Associates, Chartered Accountants, Kolkata	Eastern Region
M/s Dinesh K Yadav & Associates, Chartered Accountants, Patna	Patna Region
M/s MKPS & Associates, Chartered Accountants, Mumbai	Mumbai Region
M/s Hem Sandeep & Co., Chartered Accountants, Jammu	J&K Region

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

IRCON is engaged in the business of providing infrastructure facilities and is exempted from compliance with all the provisions of Section 186 [except sub-section (1) to Section 186] in terms of Section 186(11)(a) read with Schedule VI of the Companies Act, 2013.

The details of investments made, loans granted, and guarantees extended by the Company to its subsidiary and joint venture companies during the FY 2020-21 forms part of the notes to the standalone financial statements provided in the Annual Report.

During the FY 2020-21, the Board of Directors have approved Corporate Guarantee / Sponsor Support to its following wholly owned-subsiary (WOS) and JV companies of IRCON:

- (a) Corporate Guarantee to Punjab National Bank (PNB) for providing the term loan of ₹502.76 Crore to IrconDHHL, and after disbursement of loan by PNB to IrconDHHL, the loan of ₹326.72 Crore was re-paid to IRCON by IrconDHHL.

- (b) To meet the obligations of promoters' contribution to the tune of 26%, being IRCON's share, a Sponsors Support Agreement has been executed for the loan sanctioned by the State Bank of India and consortium of banks to CEWRL for an amount not exceeding ₹1033.76 Crore.

After the close of the year, with the approval of the Board of Directors, the Company has furnished Corporate Guarantees which is valid till the receipt of 1<sup>st</sup> Annuity from NHA1 [180 Days from Commercial Operations Date (COD)] for the following SPVs and WOS of IRCON:

- (a) Corporate Guarantee to Indian Overseas Bank (IOB) for providing the term loan of ₹309.68 Crore to IrconGRHL,
- (b) Corporate Guarantee to Bank of Baroda (BoB) for providing the term loan of ₹724.12 Crore to IrconVKEL. After disbursement of loan by BoB to IrconVKEL, the existing loan of IRCON of ₹589.50 Crore has been repaid by IrconVKEL, and the financial investments of IRCON in the subsidiary company will be reduced.

### DEPOSITS

The Company did not accept any deposits from the public during the year.

### OTHER DISCLOSURES EXTRACT OF ANNUAL RETURN

Pursuant to Section 92(3) and 134(3)(a) of the Companies Act, 2013, a copy of the Annual Return as at March 31, 2021 is placed on the website of the Company at [www.ircon.org](http://www.ircon.org), under the Investors' section.

### INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Company has complied with the provisions relating to the Investor Education and Protection Fund (IEPF) under the Companies Act, 2013 and the rules made thereunder. Company Secretary is the nodal officer to deal with the IEPF Authorities and compliances related thereto.

No amount is due for transfer to IEPF and details of unclaimed dividend as on March 31, 2021 are available on the website of the Company, and this is also disclosed in the Corporate Governance report. Further, the Company does not have shares in Demat Suspense Account/ Unclaimed Suspense Account/ Unclaimed dividend and has been disclosed in the Corporate Governance report.

### SECRETARIAL STANDARDS

During the year, the Company is in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

# BOARD'S REPORT

## **SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No order has passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations in future during the FY 2020-21.

## **Details of application made or any proceedings pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year.**

There are no proceedings initiated / pending against your company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the company.

## **CHANGE IN THE NATURE OF BUSINESS**

There was no material change in the nature of business of the Company during the FY 2020-21.

## **DIVIDEND DISTRIBUTION POLICY**

In terms of Regulation 43A of Listing Regulations and the guidelines on "Capital Restructuring of Central Public Enterprises" issued by the Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, the Board of Directors of the Company has formulated and adopted the Dividend Distribution Policy. The said Policy is annexed to this report (at page no. 146) and is also available on Company's website [www.ircon.org](http://www.ircon.org).

## **SECRETARIAL AUDIT REPORT AND MANAGEMENT RESPONSE THERETO**

The "Secretarial Audit Report" from the secretarial auditor in Form MR-3 as required under section 204 of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is at page no. 139.

The Management Response on the qualification in the Secretarial Auditor Report and compliance of conditions of Corporate Governance for the FY 2020-21 is placed at page no. 142.

## **STATUTORY AUDITORS' REPORT AND C&AG COMMENTS**

The reports of the Statutory Auditors on the Financial Statements for FY 2020-21 (both on standalone and consolidated financial statements) are attached separately as part of the Annual Report. There are no qualifications, reservations or adverse remarks made by HDSG & Associates, Statutory Auditors, in their report for the financial year ended on March 31, 2021.

Comments of Comptroller & Auditor General (C&AG) of India on the Audited Financial Statements of your Company for the FY 2020-21 are attached.

## **ACKNOWLEDGEMENT**

The Directors of the Company would like to express their appreciation and thanks for the assistance and co-operation received from to the Ministries of Railways, Road Transport (MoRTH) and Highways, External Affairs, Finance, Commerce, Urban Development, and other ministries, departments and agencies, the office of Comptroller & Auditor General of India, Reserve Bank of India, Statutory, Branch, Secretarial & Internal Auditors, Bankers of the Company, Indian Embassies & Missions abroad and Foreign Missions & Embassies in India, EXIM Bank, Export Credit and Guarantee Corporation; Protector of Immigration; Passport Authority; and our esteemed clients both in India and abroad without whose active support the achievements of the Company during the year under review would not have been possible.

We place on record our sincere appreciation for all the employees of the Company at all levels for their untiring efforts, dedication, and sincerity of purpose in improving the performance and profitability of the Company.

**For and on behalf of the Board of Director**

sd/-

**(M. K. Singh)**

Chairman & Managing Director  
CEO and Director Finance  
(DIN: 06607392)

Date: 24.08.2021

Place: New Delhi

# BOARD'S REPORT

## APPENDIX-A

### ON-GOING MAJOR PROJECTS IN INDIA

SL. NO.	CATEGORY	NAME OF THE PROJECT	REVISED CONTRACT VALUE (IN ₹ CRORE)
1.	Railway	Katra-Qazigund section (IRCON's portion), Udampur Srinagar Baramulla Rail Link Project, for Northern Railway	13,359
2.	Railway	Sivok-Rangpo New Rail Line project, for North Frontier Railway	8,215
3.	Railway	Construction of Corridor-III of East-West Corridor between Gevra Road to Pendra Road approximately 135 km, feasibility study of East-West Corridor between Gevra Road to Pendra Road in the State of Chhattisgarh, for Chhattisgarh East-West Railway Limited (CEWRL)	3,198
4.	Railway	Design and Construction of Civil, Building and Track Works of Vaitarna-Sachin Section of Dedicated Freight Corridor Project, CTP-12, for Dedicated Freight Corridor Corporation of India Limited (DFCCIL)	2,762
5.	Railway	Construction of Corridor-I of East Corridor between Kharsia to Dharamjaygarh and Spur Line in the State of Chhattisgarh, for Chhattisgarh East Railway Limited (CERL). Construction of New BG Electrified Rail Line between Dharamjaigarh to Korba (Urga) for CERL (CERL-II).	1,958 1,138
6.	Railway	Doubling projects for West Central Railway at Katni – Singrauli Doubling Project	1,763
7.	Railway	RDUM-TAL-RJO (Rampur Dumra – Tal – Rajendrapul Doubling including Ganga Bridge) Doubling projects for East Central Railway	1,491
8.	Railway	Execution of rail connectivity projects identified by Bastar Railway Private Limited (BRPL).	1,466
9.	Roads	Construction of Eight Lane Vadodara Kim Expressway from Km 323.00 to Km 355.00 (Sanpa to Padra Section of Vadodara Mumbai Expressway) in the State of Gujarat under NHDP Phase-VI on Hybrid Annuity Mode (Phase IA-Package II), for Ircon Vadodara Kim Expressway Limited (IrconVKEL).	1,378
10.	Railway	Katni Grade Separator / By pass line (21.50 Km) Project, for West Central Railway.	1,248
11.	Railway	Kiul – Gaya Doubling projects for East Central Railway	1,200
12.	Railway	Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Mahanadi Coal Railway Limited (MCRL)	1,192
13.	Railway	Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Jharkhand Central Railway Limited (JCRL).	1,149
14.	Railway	Hajipur – Bachwara Doubling projects for East Central Railway	930
15.	Railway	Construction of rail link between Jayanagar (India)-Bijalpura (Nepal) (Gauge Conversion) with extension up to Bardibas on India-Nepal border, for East Central Railway.	819
16.	Railway	Akhaura–Agartala Rail Link Project (Construction of Indian Portion), for North Frontier Railway	570

# BOARD'S REPORT

## APPENDIX – B

### A. SUBSIDIARY COMPANIES:

#### 1. IRCON INFRASTRUCTURE & SERVICES LIMITED (IrconISL)

IrconISL, a wholly owned subsidiary of IRCON, was incorporated on September 30, 2009 and obtained a Certificate of Commencement of Business on November 10, 2009. The main object of IrconISL is to undertake infrastructure projects including planning, designing, development, improvement etc. in the field of construction of Multi-Functional Complexes (MFCs) etc., to provide facilities and amenities to users of Indian Railway System and to carry on the business of hire purchasing, leasing of all kinds of moveable and immovable properties, to provide consultancy for all kinds of engineering projects including providing maintenance, support and all kinds of services including social welfare measures, etc.

During the FY 2020-21, IrconISL has secured two new projects viz. (i) Supervision Consultancy for Construction of ROB in lieu of LC No.114 B on Ahmedabad Botad Railway Line in the State of Gujarat for Ahmedabad (R&B) Division; (ii) Appointment of Inspection Agency for the Inspection, Supervision & Quality Control related works of Assembly and Launching of Steel Superstructure within the Railway portion including fabrication & installation of bearing for "Construction of Road Over Bridges (ROB) at various locations in lieu of LC gates in Maharashtra area under Central Railway' for Maharashtra Rail Infrastructure Development Corporation Limited.

Along with the above new projects, the following existing projects are in various stages of construction, during the FY 2020-21 viz.

- i. PMC for construction of Shri Vishwakarma Skill University (SVSU) at Dudhola, Palwal, Haryana.
- ii. PMC for construction of Office Building of Department of Science & Technology at Technology Bhawan, New Mehrauli Road, New Delhi.
- iii. PMC for construction of Barrack Accommodation for Security Personnel at four (4) Land ports (ICPs) [i.e. 1.Attari- Punjab, 2.Jogbani-Bihar, 3.Petrapole-West Bengal, 4.Dawki-Meghalaya] for Land Ports Authority of India (LPAI);
- iv. PMC for construction of Multi Modal Logistics Park (MMLP) for CONCOR at (a) Kadakola, Mysuru District, Karnataka, (b) Paradip (Orissa); (c) at Bhaupur, Kanpur (U.P), and (d) Dahej, Gujarat;

- v. PMC for construction of Jawahar Navodaya Vidyalaya (JNV) at two locations, one at Sabarkantha (Gujarat) and other at Agar Malwa (Madhya Pradesh) for Navodaya Vidyalaya Samiti;
- vi. PMC for Replacement of CST-9 Sleepers with PRC Sleepers of MGR System of Stage-1 (2x210MW) at National Thermal Power Corporation, Unchahar, U.P
- vii. PMC for Construction of Infrastructure works at National Disaster Response Force Academy at Nagpur.
- viii. Engagement as Consultant for Detailed Engineering & Project Supervision for development of handling facilities for IFFCO at MMLP Paradip Port, Orissa, awarded by CONCOR
- ix. Maintenance of Track, Civil Engineering, OHE and S7T assets of Kharsia-Korichhapar newly laid BG Section for Chhattisgarh East Railway Limited
- x. PMC for Re-Development of Railway Stations at 7 locations (i.e Ghazibad Railway Station, Yeshwantpur, Varkala, Jalna, Satna, Karnal & Buxar for Indian Railway Stations Development Corporation Limited.
- xi. Consultancy project for Construction of Two-Lane Road on NH Specifications from Paletwa to India- Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar for Ministry of External Affairs;
- xii. PMC for construction of 69 Bridges in Tamu – Kyigone-Kalewa section of Trilateral Highway in Myanmar, wherein Ministry of External Affairs (MEA) has terminated the contract of M/s NCSL-MTDCL (JV) who was appointed as Engineering Procurement and Construction (EPC) contractor for construction of these 69 bridges. Subsequent to dismissal of writ petition and appeal filed by contractor in hon'ble High Court of Manipur and submission of detailed project report of project by IrconISL, the modalities of project implementation are under discussion with Ministry of External Affairs.

IrconISL has successfully developed and sub leased all 24 MFCs to third parties at 23 identified railway stations in India. Out of which three MFCs (Tarapith, Rajgir and Thiruvalla) are proposed to hand over to Rail and Land Development Authority as they became financially unviable and could not be sub leased.



## BOARD'S REPORT

### 2. IRCON PB TOLLWAY LIMITED (IrconPBTL)

IrconPBTL, a wholly owned subsidiary of IRCON, was incorporated as a Special Purpose Vehicle on September 30, 2014, and has obtained approval for Commencement of Business on November 14, 2014. The main object of IrconPBTL is to carry on the business of widening and strengthening of the existing Bikaner & Phalodi Section to four lane from 4.200 km to 55.250 km and two Lane with paved shoulder from 55.250 km to 163.500 km of NH-15 on Build, Operate and Transfer (BOT) (Toll) basis in the State of Rajasthan, in accordance with the terms of the Concession Agreement signed with National Highways Authority of India (NHAI) on November 7, 2014. Total project cost is ₹844.08 Crore and EPC cost has been revised from ₹646.00 Crore to ₹767.48 Crore.

The total length of road constructed is 159.17 km and in equivalent 2 lane is 210.22 km (Four laning: 51.05 km and two laning: 108.12 km). Out of 159.17 Km, the provisional certificate of completion for 156.650 Km [de-linking two Road Over Bridges (ROBs) at LC-06 (NAL) and LC-57(PHALODI)] has been issued by NHAI on February 15, 2019, for commencement of tolling operations at all three toll plazas located at Salasar and Nokhra in Bikaner District and Kheerwa in Jodhpur District, Rajasthan. The project has thereby entered into commercial operations and started earning toll income at all the three toll plazas. The ROBs at LC-06 and LC-57 were completed on March 12, 2019 and March 25, 2020, respectively. Provisional completion certificate- 2 (PCC-2) has been issued w.e.f. November 11, 2020 for the complete stretch. IrconPBTL has requested NHAI for inclusion of 10 times structure length for both ROB's in tolling which is under consideration with NHAI.

The financial implications on account of the above has been raised as the claims from NHAI. There are pending payments, claims on account of various delays due to NHAI which were revised from time to time, however, the same are not getting reimbursed and the claims on account of all issues has been initiated with NHAI for resolution within a considerable time-frame.

During the year, due to COVID-19 outbreak, the toll collection has been affected, also, the services were suspended from March 27, 2020 to April 19, 2020. Further, toll collection was also affected due to KISAN ANDOLAN for 20 days during January- February 2021. Therefore, the per day average revenue collection during FY 2020-21 declined to ₹11.87 Lakh whereas it was ₹12.33 Lakh during previous year.

### 3. IRCON SHIVPURI GUNA TOLLWAY LIMITED (IrconSGTL)

IrconSGTL, a wholly owned subsidiary of IRCON was incorporated as a Special Purpose Vehicle on May 12, 2015 and has obtained the approval for Commencement of Business on May 27, 2015. The main object of IrconSGTL is to carry on the business of four laning of Shivpuri-Guna section of NH-3 from 236.00 km to 332.1 km on Build, Operate, and Transfer (BOT) (Toll) basis on Design, Build, Finance, Operate and Transfer (DBFOT) pattern under NHDP Phase- IV in the State of Madhya Pradesh and other ancillary works relating thereto, in accordance with the terms of the Concession Agreement, signed with the NHAI on June 15, 2015. The concession period of the project is 20 years from the appointed date and the total project cost for execution of the Shivpuri Guna Project is ₹872.11 Crore. The Project is being executed in two stages i.e. Stage-I and Stage-II.

In terms of the concession agreement, IrconSGTL attained financial closure on November 23, 2015 i.e. date of execution of the loan agreement with IRCON for ₹722.11 Crore.

NHAI had declared January 25, 2016 as the appointed date for commencement of construction, with construction period of 910 days, for which IRCON was appointed as the EPC contractor. The Commercial Date of Operations (COD) for Stage-I of the project (i.e. 87.5 Km length) was achieved one and a half month ahead of the schedule i.e. on June 6, 2018 (though scheduled on July 23, 2018). Thus, operation of toll plaza and collection of revenue has been started on the project w.e.f. June 7, 2018. The average revenue collection per day during FY 2020-21, has increased by approximately 17.25% to ₹0.30 Crore Lakh whereas it was ₹0.26 Crore during previous year.

As per the concession agreement with NHAI, construction for Stage-II of the project (i.e.12.4 km length) has been started after handover of site by NHAI. IRCON has been appointed as the EPC Contractor, though the work got hampered due to the present pandemic and subsequent lockdown by the State Government.

### 4. IRCON DAVANAGERE HAVERI HIGHWAY LIMITED (IrconDHHL)

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

## BOARD'S REPORT

(HAM) on Design, Build, Finance, Operate and Transfer (DBFOT) basis under NHDP Phase – V" in accordance with the terms of the Concession Agreement, signed with NHAI on June 19, 2017. In the projects executed under the HAM, 40% of the bid project cost with applicable price escalation 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% of bid project cost with applicable price escalation up to the date of completion shall be paid in the form of 30 bi-annual instalments commencing from the 180<sup>th</sup> day of Commercial Operation Date (COD)/Provisional COD.

In terms of concession agreement, the total project bid cost is ₹1177 Crore plus escalation excluding O&M cost. IrconDHHHL has executed loan agreement with IRCON for an amount of ₹503 Crore on November 10, 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 have been substantially completed on the available work fronts. The scheduled date of completion of July 24, 2020 was extended up to January 23, 2021 (by 6 months due to 1<sup>st</sup> wave of COVID-19).

The project completion got affected due to land issues and on account of second wave of COVID-19 pandemic. However, provisional COD excluding the land stretches not handed over by NHAI has been achieved on May 28, 2021. The punch list items have been identified and are being complied with by the project.

During the year, the Company had availed substitution loan facility from Punjab National Bank (PNB) for an amount of ₹502.76 Crore and after disbursement of loan by PNB to IrconDHHHL, the loan of ₹326.72 Crore IRCON was re-paid to IRCON. IRCON has provided Corporate Guarantee to PNB for the said loan.

### 5. IRCON VADODARA KIM EXPRESSWAY LIMITED (IrconVKEL)

IrconVKEL, a wholly-owned subsidiary of IRCON was incorporated as a Special Purpose Vehicle on May 16, 2018, pursuant to conditions of award of Vadodara Kim Expressway Project in the State of Gujarat by NHAI. The main object of IrconVKEL is to carry on the business of development, maintenance and management of Eight lane Vadodara Kim Expressway from Km 323.00 to Km 355.00 (Sanpa to Padra Section of Vadodara Mumbai Expressway) in the State of Gujarat under NHDP Phase – VI Hybrid Annuity Mode (Phase IA-Package II) on Design, Build,

Finance, Operate and Transfer (DBFOT) basis. The Bid Project Cost as awarded by NHAI to IrconVKEL is ₹1865 Crore.

IrconVKEL has entered into concession agreement with NHAI on May 25, 2018. The financial closure has been achieved on September 25, 2018. The appointed date fixed by NHAI is January 31, 2019 and completion period is 730 days from appointed date. The mobilization advance of ₹186.50 Crore has been received from NHAI in two instalments. The first project milestone was achieved on September 27, 2019 and the second project milestone was achieved on January 25, 2020. The achievement of third milestone has been notified to Independent Engineer (IE) on March 30, 2021. All documents in support of Physical & Financial progress required for achievement of third project milestone have been submitted to IE which is under review with IE and certificate declaring the achievement of Milestone III shall be issued at the earliest.

The Physical Progress achieved as on June 30, 2021 is 80.1%. However, due to delay caused on account of COVID-19, IE has recommended an Interim Extension of Time (EOT) of 236 days, out of which NHAI has already approved interim EOT of 180 days and approval for balance 56 days of EOT is awaited from NHAI. Further, the project is likely to be completed within extended time.

After the close of the FY 2020-21, IrconVKEL has availed term loan amounting to ₹724.12 Crore from Bank of Baroda, in substitution of existing term loan facility of ₹769.38 Crore from IRCON. The term loan is supported by the Corporate Guarantee of IRCON which is valid till the receipt of 1<sup>st</sup> Annuity from NHAI i.e. 180 days from COD. On receipt of the first tranche of loan amount from Bank of Baroda, the existing loan of IRCON of ₹589.50 Crore has been repaid to IRCON on July 19, 2021.

### 6. IRCON GURGAON REWARI HIGHWAY LIMITED (IrconGRHL)

IrconGRHL, a wholly-owned subsidiary of IRCON was incorporated as a Special Purpose Vehicle on December 24, 2020, pursuant to conditions of award of Gurgaon Rewari Project in the State of Haryana by NHAI. The main object of IrconGRHL is "Upgradation of Gurgaon-Pataudi-Rewari section of NH-352W from Km 0.00 to km 43.87 (design length 46.11 km) as a feeder route on Hybrid Annuity Mode under Bharatmala Pariyojana in the State of Haryana, in accordance with the terms of concession agreement with NHAI at the bid project cost of ₹ 900 Crore.

IrconGRHL has awarded the above said work to

## BOARD'S REPORT

IRCON in March 2021, for execution of complete work as per Schedule prescribed in the Concession Agreement between NHAI and IrconGRHL including five-year O&M cum Defect Liability Period, at a total cost of ₹606.05 Crore plus GST @12% for defined scope of work.

The extension of one-month (i.e Up to July 19, 2021) have been granted by NHAI on June 15, 2021 with regard to declaration of Appointed Date and fulfillment of Condition Precedents. The financial close has been achieved on June 25, 2021, after the close of the year. NHAI has been further requested for two months extension of time for appointed date on account of delay due to second wave of COVID-19, which is under consideration of NHAI.

### B. JOINT VENTURE COMPANIES:

#### 7. IRCON-SOMA TOLLWAY PRIVATE LIMITED (ISTPL)

ISTPL is a Joint Venture Company promoted by Ircon International Limited (IRCON) and Soma Enterprise Limited (SOMA) a private sector Company. The Company was incorporated on 19<sup>th</sup> April, 2005 with equal equity participation of 6,38,70,000 shares each for undertaking Improvement, Operation & Maintenance, Rehabilitation and Strengthening of existing 2 lane road and widening to 4 - Lane divided carriageway on National Highway 3 (NH3) from Km 261+720 to Km379+878 on Build, Operate and Transfer basis in the State of Maharashtra. Subsequently in the year 2017-18, Soma Enterprises Limited has transferred its 6,38,69,999 shares to its associate company, Soma Tollways Private Limited (STPL) & held 1 (one) shares with Soma Enterprise Limited.

The project was completed in 2010-11 and since April, 2010 the Company is collecting toll from entire project stretch of 118.158 km.

#### 8. INDIAN RAILWAY STATIONS DEVELOPMENT CORPORATION LIMITED (IRSDC)

IRSDC, a joint venture company of Rail Land Development Authority (RLDA) and IRCON, was established on April 12, 2012 and obtained certificate of commencement of business on May 09, 2012. The main object of IRSDC is to develop/ re-develop the existing/new railway station(s) with enhanced level of passenger amenities through new constructions/ renovations including re-development of existing station buildings, platform surfaces, circulating area, etc., to improve their standards and provide a better customer experience. IRSDC is also empowered to

undertake the commercial development of land/ air space of Railway land entrusted to it.

As on March 31, 2021, the authorized Capital of IRSDC is ₹250 Crore. During the year, the paid-up capital was raised and RITES Limited (RITES) was introduced as the third strategic partner/shareholder in IRSDC with 24% shareholding; and accordingly, the revised shareholder agreement was entered amongst the shareholders on May 21, 2020. As on March 31, 2021, the paid-up capital of IRSDC was ₹199.99 Crore held by RLDA, IRCON and RITES in a ratio of 50:26:24 respectively.

Union Cabinet on October 17, 2018 approved IRSDC as the Nodal Agency for the entire station re-development program and as the main Project Development Agency (main PDA) including the only agency to take up standalone facility management of the stations where re- development is not envisaged in near future. Facilitation by Union Cabinet includes lease for a period of up to 99 years with right to enter into multiple sub-leases and include all types of developments i.e. commercial, institutional and residential developments. Powers have also been given to IRSDC to approve its own plans under Section 11 of the Railway Act, 1989. Pursuant to the Cabinet decision, the Board of Directors of IRSDC has been strengthened by including one representative each from Department of Economic Affairs/ Ministry of Finance, NITI Aayog and Ministry of Railways (MoR).

Railway Board vide its letter dated November 01, 2018 entrusted all the stations on Indian Railways to IRSDC (except 12 entrusted to other agencies) for Techno-economic feasibility studies and undertaking redevelopment. Currently, IRSDC is working on 63 stations pan India.

IRSDC is presently executing various projects such as Habibganj Station Re-development Project, Gandhinagar station re-development and Construction of 318 rooms 5-star hotel at Gandhinagar; three stations viz. Chandigarh, Anand Vihar and Bijwasan on EPC mode; 58 stations which are at different stages of planning and tendering; IRSDC is taking up five stations viz. Bangalore, Pune, Anand Vihar, Chandigarh and Secunderabad on Integrated Facility Management model. The details of the projects is provided at the website of the company i.e. [www.irsdc.in](http://www.irsdc.in).

A proposal to take over 90 stations for standalone facility management on PPP model has been submitted to Railway Board. Stations identified for this initiative are those where redevelopment work is not being taken up immediately by MoR. Railway Board has accorded in-principle approval to the

## BOARD'S REPORT

proposal and presentations have been given to a Committee nominated by Railway Board for finalizing the terms and conditions

### 9. CHHATTISGARH EAST RAILWAY LIMITED (CERL)

A joint venture company called 'Chhattisgarh East Railway Limited' (CERL) was incorporated on March 12, 2013, with equity participation by South Eastern Coalfields Limited, IRCON and Chhattisgarh State Industrial Development Corporation Limited (nominee of Government of Chhattisgarh) in the ratio of 64:26:10 respectively, for development of coal connectivity corridor i.e. East Corridor (length 180 Km) in the State of Chhattisgarh. CERL had obtained Certificate for Commencement of Business on May 07, 2013. The Shareholder Agreement of CERL has been entered on September 11, 2014.

CERL has signed concession agreement on June 12, 2015 with Ministry of Railways, in the State of Chhattisgarh. The project is being implemented for Build, Own, Operate, and Transfer (BOOT) model for PPP projects. Chhattisgarh East Railway Corridor project is further divided into two phases viz. CERL-I (Kharsia to Dharmjaygarh including Spur Line from Gharghoda to Donga Mahua) and CERL-II (Dharmjaygarh to Korba).

The Financial Closure of CERL-I has been achieved on November 24, 2017. The section from Kharsia to Korichhapar (DN line - 44 km) of CERL-I has been commissioned on October 12, 2019. Doubling of this section is targeted for completion by December 2021. Similarly, Korichhapar to Dharamjaygarh (30 Km) has been opened on June 21, 2021. Spur line between Gharghoda to Bhalumuda is targeted to be opened by December 2021 and feeder routes for Chhal, Baroud and Durgapur mines by June 2022.

A revised Detailed Project Report (DPR) with GST implications of CERL-II has been approved by Zonal Railways with inflated mileage of 60% on chargeable distance of 62 km for five years on June 12, 2018. Land acquisition and forest clearance for this project is in advanced stage. Financial closure will be achieved after forest clearance and signing of concession agreement.

### 10. CHHATTISGARH EAST-WEST RAILWAY LIMITED (CEWRL)

A joint venture company called 'Chhattisgarh East-West Railway Limited' (CEWRL) was incorporated on March 25, 2013, with equity participation by South Eastern Coalfields Limited (SECL), IRCON and Chhattisgarh State Industrial Development Corporation Limited (nominee of Government of

Chhattisgarh) in the ratio of 64:26:10 respectively, for development of coal connectivity corridor i.e. East-West Corridor (length 135 Km) in the State of Chhattisgarh. CEWRL had obtained the Certificate for Commencement of Business on May 07, 2013. The concession period of the project is 30 years from the appointed date including 3 years and 6 months of construction period. The Shareholder Agreement of CEWRL has been entered after the close of the year on April 09, 2021.

Detailed Project Report (DPR) was approved by Railways through its zonal Railway viz. South Eastern Central Railway with inflated mileage of 40% on chargeable distance of 135 km for five years as approved by the Ministry of Railways on June 15, 2017. Concession Agreement has been entered between CEWRL and Ministry of Railways on July 01, 2018. Loan Agreement for an amount of ₹3976 Crore has been signed in July 2020, with consortium of bank lead by State Bank of India (SBI) and financial closure has also been achieved on September 04, 2020 and IRCON given the Sponsor Support Undertaking for the equity contribution of 26% of the total equity requirement

Complete Land for Main Line has been acquired and tenders for civil works worth approx. ₹1400 Crore have been invited.

### 11. MAHANADI COAL RAILWAY LIMITED (MCRL)

A joint venture company called 'Mahanadi Coal Railway Limited' (MCRL) was incorporated on August 31, 2015, with equity participation by Mahanadi Coalfields Limited (MCL), IRCON and Odisha Industrial Infrastructure Development Corporation (nominee of Govt. of Odisha) in the ratio of 64:26:10 respectively, with the main object to build, construct, operate, and maintain identified rail corridor projects that are critical for evacuation of coal from mines in the State of Odisha.

MCRL has signed project execution agreement with IRCON on April 19, 2016. Angul-Balram-Putagadia-Jharpada-Tentuloi new rail corridor (68Km) has been identified by the Company for implementation. DPR of this project has been approved by Zonal Railways viz. East Coast Railway in January 2018. The Ministry of Railways has approved inflated mileage of 60% for the entire length of the project on June 11, 2018. The project has been approved as special Railway project by the Ministry of Railways on October 23, 2018. The Concession Agreement is likely to be entered between MCRL and Ministry of Railways shortly and financial closure of the project is expected soon.

The previously acquired land by MCL for Angul-

## BOARD'S REPORT

Balaram section (14Km) is in process for transfer to East Coast Railway in accordance of Railway Amendment Act, 2008. The permission for the same has already been given by State Government on May 16, 2020. The construction work is in progress in Angul-Balram section (14 Km) of the project and likely to be commissioned by March 2022. The land acquisition and diversion of forest land in Balaram-Putagadia-Jarapada-Tentuloi section (54 Km) is in process. A tender has been invited to finance the loan amount of ₹1190 Crore for the project, in which Bank of Baroda is the lowest bidder and have agreed to provide the full loan amount.

### 12. JHARKHAND CENTRAL RAILWAY LIMITED (JCRL)

A joint venture company called 'Jharkhand Central Railway Limited' (JCRL) was incorporated on August 31, 2015 with equity participation of Central Coalfields Limited, IRCON and Government of Jharkhand in the ratio of 64:26:10 respectively, with the main object to build, construct, operate and maintain identified rail corridor projects that are critical for evacuation of coal from mines in the State of Jharkhand.

JCRL had signed project execution agreement with IRCON on March 28, 2016. Ministry of Railways has granted in-principle approval for transfer of Shivpur-Kathautia New BG Electrified Rail Line Project to the joint venture JCRL. Project chainage starts from Kathautia (0.000) to Shivpur (49.085) a total stretch of 49.085 Km. Detail Project Report (DPR) has been approved by East Central Railway. An inflated mileage of 60% on chargeable distance of 49.085 km has been approved by the MoR for a period of 5 years from June 13, 2018. Concession Agreement with JCRL & East Central Railway has been signed on December 4, 2018, financial closure is expected to be completed before December 2021. The construction of project is expected to start by November 2021 (subject to availability of forest land and financial closure of JCRL). Stage-I clearance of forest land has been received in June 2019. Compliance of Stage-I forest clearance has been submitted along with cost of NPV (Net Present Value), compensatory afforestation and Wildlife Plan (₹70.84 Crore). Working permission is expected by the end of May 2021 in forest land. Land Acquisition has been completed in Hazaribagh

Distt. and more than 80% compensation distributed of present estimated value of land in Chatra Distt. Estimate has been prepared for two additional villages out of three notified later (approx. 98.88 Acres). Application of three villages submitted later due to additional land requirement (as land acquisition was stopped by Distt. administration as per request of railway vide letter dt. January 08, 2016 of Deputy chief Engineer/Construction/Hazaribagh and lapsed subsequently. Estimate of third village is expected in May 2021 as duplicate payment is involved in earlier land acquisition. All seven ESPs (Engineering scale plan), L-Sections (longitudinal section) and 41 GADs (General arrangement drawing) out of 101 GADs have been approved by Railway.

### 13. BASTAR RAILWAY PRIVATE LIMITED (BRPL)

A joint venture company called 'Bastar Railway Private Limited' (BRPL) was incorporated on May 05, 2016. BRPL is a joint venture with equity participation by NMDC Limited (NMDC), IRCON, Steel Authority of India Limited (SAIL) and Chhattisgarh Mineral Development Corporation (CMDC) (nominee of Government of Chhattisgarh) in the ratio of 52:26:12:10 respectively, with the main object to build, construct, operate and maintain Rowghat to Jagdalpur (via Narayanpur, Kondagaon) new railway line, in the State of Chhattisgarh. Shareholders Agreement for BRPL has been entered on January 20, 2016 and revised shareholders agreement on May 25, 2018 wherein the shareholding pattern of NMDC, IRCON, SAIL and CMDC was revised.

IRCON is the implementation agency for the project and project execution agreement was signed on July 19, 2017. Detailed Project Report (DPR) has been approved by Zonal Railways viz. South East Central Railway (SECR) in October 2017. The Ministry of Railways has approved inflated mileage of 50% for the entire length of the project on June 12, 2018. Financial closure of the project is under process. Acquisition of land including forest land is in progress.

**The salient features of financial statements of subsidiary and joint venture companies as per the provisions of the Companies Act, 2013 are disclosed in the Form AOC-1 annexed to the Financial Statements.**

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# CORPORATE GOVERNANCE REPORT

This report is prepared in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations, 2015), the Companies Act, 2013 and Guidelines on Corporate Governance issued by Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India. The Report contains details of Corporate Governance systems and processes at IrconInternational Limited (IRCON).

IRCON a 'Mini Ratna Category I' company, got listed on 28th September 2018 and has established a sound framework of Corporate Governance.

Corporate Governance is the application of best management practices, compliance of laws & adherence of ethical standards to achieve the Company's objective of enhancing stakeholders' value and discharge of social responsibility.

We believe that Corporate Governance is about maintaining valuable relationship and trust with all stakeholders with the commitment to maximise their value. Our commitment towards following good Corporate Governance practices is based upon transparency, fairness, conscience, teamwork, professionalism and accountability. This paves the way for following the best standards and building confidence among our stakeholders, which is necessary to achieve our objectives.

## 1. STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

IRCON believes in promoting the principles of sound Corporate Governance, and its essential character is shaped by a high standard of transparency, trust and integrity, performance orientation, responsibility, accountability, professionalism, social responsiveness and ethical business practices. It has always believed in creating a framework of best policies, practices, structures and ethics in the organisation. Corporate Governance has indeed been an integral part of the

way we have done business for several years. IRCON Team subscribes to the corporate values and imbibes them in their conduct regularly.

The Code of Corporate Governance of the Company is "To Be Professional, Profitable, Transparent, and Accountable with excellence in every sphere of activity of the Company."

The Key Values of the Company formally adopted by the Board of Directors are:

- a. Constructive approach
- b. Working as a team
- c. Excellence in performance
- d. Probity in work and dealings
- e. Being responsible and accountable

## 2. BOARD OF DIRECTORS

The Board of Directors is the highest governance body of IRCON. The Board of Directors consists of professionals drawn from diverse fields having rich knowledge and experience in the industry and related sectors for providing strategic guidance and directions to the Company. At IRCON, we believe that the Board of the Company consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions are aligned with the Company's best interests. The Company has defined guidelines and an established framework for the meetings of the Board and its Committees. These guidelines seek to systematise the decision-making process at the meetings of the Board and Committees in an informed and efficient manner.

Pursuant to Section 2(45) of the Companies Act, 2013, IRCON is a 'Government Company' as 73.18% of the paid-up share capital of the Company is held by the Central Government through the President of India and the power to appoint Directors vests with the President of India through Administrative Ministry (i.e., Ministry of Railways).

## CORPORATE GOVERNANCE REPORT

As on 31st March 2021, the Company has five directors of which four are whole-time directors [Chairman & Managing Director, Director (Finance), Director (Projects) and Director (Works)] and one Government Nominee Director.

The Chairman is an Executive Director; therefore, half of the Board should comprise of Independent Directors. As the power to appoint the directors on the Board of IRCON vests with the President of India, the Company from time-to-time requests Ministry of Railways to appoint a requisite number of Independent Directors (including Woman Director) and also Government Nominee Director on the Board.

On 1st April 2020, there were vacancies in the post of three Independent Directors (including woman

director). Further, subsequent to cessation of two Independent Directors w.e.f. 20th September 2020 on completion of their tenure, the Company was having only one Independent Director whose tenure also ended on 7th March 2021. Hence, since 8th March 2021, the Company is not having any Independent Director on the Board.

During the FY 2020-21, the Company was not having an optimum combination of Executive / Functional Directors and Non- Executive Directors and as on 31st March 2021, there are six vacancies in the post of Independent Directors (including woman director) and one for Government Nominee Director for which requests have already been made to the Ministry of Railways, Government of India

### 2.1 CATEGORY & NAME OF THE DIRECTORS WITH DESIGNATION AND DIN DURING THE FY 2020-21

Category, Name & Designation	DIN	Appointment or Cessation (during the year, if any)
<b>Whole-time (Functional) Directors – Executive</b>		
Shri Sunil Kumar Chaudhary Chairman & Managing Director & Chief Executive Officer (CEO)	00515672	
Shri Mukesh Kumar Singh Director (Finance) & Chief Financial Officer (CFO)	06607392	
Shri Yogesh Kumar Misra Director (Works)	07654014	
Shri Shyam Lal Gupta Director (Projects)	07598920	
<b>Government Nominee (Part-time (Official) Directors – Non-Executive</b>		
Shri Hari Mohan Gupta	08453476	Ceased to be Director on 12.10.2020
Shri Sudheer Kumar	01429832	Appointed as Director on 12.05.2020 and ceased to be Director on 30.06.2020
Shri Ashutosh Gangal	07057313	Appointed as Director on 27.08.2020 and ceased to be Director on 27.10.2020
Shri Dhananjaya Singh	08955500	Appointed as Director on 10.11.2020
<b>Independent Directors (Part-time (Non-Official) Director) – Non-Executive</b>		
Dr Balasatya Venkataramana Chitta	03179171	Ceased to be Director on 19.09.2020
Dr Narinder Singh Raina	07968391	Ceased to be Director on 19.09.2020
Shri Ashok Kumar Ganju	07014589	Ceased to be Director on 07.03.2021

# CORPORATE GOVERNANCE REPORT

## 2.2 BOARD COMPOSITION, CATEGORY OF DIRECTORS, DETAILS OF DIRECTORSHIP IN OTHER COMPANIES AND MEMBERSHIP / CHAIRMANSHIP IN BOARD COMMITTEE(S) AS ON 31ST MARCH 2021

Sr. No.	Category & Name of Directors	No. & Name of Directorships in Other Companies <sup>1</sup>	No. and Names of the Board Committee(S) in other companies of which director is a Member/ Chairperson <sup>2</sup>	No. of shares held
<b>Whole-time (Functional) Directors – Executive</b>				
1	Shri Sunil Kumar Chaudhary	–	–	–
2	Shri Mukesh Kumar Singh	1. Indian Railway Stations Development Corporation Limited 2. Ircon Infrastructure & Service Limited 3. Chhattisgarh East Railway Limited 4. Chhattisgarh East-West Railway Limited 5. Mahanadi Coal Railway Limited 6. Jharkhand Central Railway Limited 7. Bastar Railway Private Limited 8. Ircon-Soma Tollway Private Limited	1. (One)  Audit Committee: IRSDC (Member)	849
3	Shri Yogesh Kumar Misra	1. Jharkhand Central Railway Limited	–	1500
4	Shri Shyam Lal Gupta	1. Chhattisgarh East Railway Limited 2. Chhattisgarh East-West Railway Limited 3. Mahanadi Coal Railway Limited 4. Ircon PB Tollway Limited 5. Bastar Railway Private Limited 6. Ircon Shivpuri Guna Tollway Limited 7. Ircon Davanagere Haveri Highway Limited 8. Ircon Vadodara Kim Expressway Limited 9. Ircon Gurgaon Rewari Highway Limited	–	5300
<b>Government Nominee (Part-time (Official) Directors – Non-Executive</b>				
5	Shri Dhananjaya Singh	1. Pipavav Railway Corporation Limited 2. Rail Vikas Nigam Limited – Listed Entity (as a Government Nominee Director) 3. Kerala Rail Development Corporation Limited	–	–

### Foot Notes:

- Number of Directorships held excludes Foreign Companies and Section 8 Companies if any.
- This includes chairmanship/membership of Audit Committee and Stakeholders Relationship Committee in other Companies. No Director of the Company is a member in more than ten (10) Committees or acts as Chairperson of more than five (5) Committees across all companies in which he/she is a director.
- None of the Directors on the Board hold directorships, including alternate directorships at the same time in more than twenty (20) Companies.
- None of the Director holds directorship in more than seven (7) listed entity. Further, none of the Directors serves as an independent director in more than seven (7) listed entities.
- None of the whole-time director/managing director serves as an independent director in any listed entities.
- No relationship exists between directors inter-se. Shri Dhananjaya Singh, Nominee Director (Part-Time Official) is the official from the Ministry of Railways and thus related to the promoter, though no personal relationship exists between them.



## CORPORATE GOVERNANCE REPORT

### 2.3 BOARD MEETINGS AND AGM HELD DURING FY-2020-21:

During FY2020-21, the Board of Directors of the Company met nine times on:

30th April 2020, 10th July 2020, 15th July 2020, 25th August 2020, 28th October 2020, 11th November 2020, 17th December 2020, 13th February 2021 and 15th February 2021. None of the Board Meeting was held with a gap of more than 120 days.

Date of The Meeting	Board Strength	No. of Directors Present
30th April 2020	8	6
10th July 2020	8	8
15th July 2020	8	7
25th August 2020	8	7
28th October 2020	5	5
11th November 2020	6	6
17th December 2020	6	6
13th February 2021	6	6
15th February 2021	6	6

The table below shows attendance of the Board members at the Board Meetings held during the FY 2020-21 and their attendance in the last Annual General Meeting (AGM):

Name of Director	Meeting Date									Whether attended last AGM held on 29.09.2020	Total Meetings held during the tenure	No. of Meetings attended	% of Attendance
	30.04.2020	10.07.2020	15.07.2020	25.08.2020	28.10.2020	11.11.2020	17.12.2020	13.02.2021	15.02.2021				
Shri Sunil Kumar Chaudhary	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	9	9	100
Shri Mukesh Kumar Singh	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	9	9	100
Shri Yogesh Kumar Misra	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	9	9	100
Shri Shyam Lal Gupta	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	9	9	100
Shri Hari Mohan Gupta	x	✓	x	x	-	-	-	-	-	Y	4	1	25
Shri Sudheer Kumar	-	-	-	-	-	-	-	-	-	NA	-	-	-
Shri Ashutosh Gangal	-	-	-	-	-	-	-	-	-	Y	-	-	-
Shri Dhananjaya Singh	-	-	-	-	-	✓	✓	✓	✓	NA	4	4	100
Dr Balasatya Venkataramana Chitta	✓	✓	✓	✓	-	-	-	-	-	NA	4	4	100
Dr Narinder Singh Raina	x	✓	✓	✓	-	-	-	-	-	NA	4	3	75
Shri Ashok Kumar Ganju	✓	✓	✓	✓	✓	✓	✓	✓	✓	Y	9	9	100

### 2.4 BOARD MEMBERSHIP CRITERIA

IRCON is an engineering & construction company, and the key qualifications required by the Board are in the field of Civil Engineering, Finance, Technology, Marketing, and Global Business. A table summarising the key qualifications, skills, expertise and attributes of the Directors of IRCON, as approved by the Board of Directors, subject to approval by the Ministry of Railways is given below. The names of directors having the requisite skills/expertise/competence during the FY 2020-21 are also included in the table:

# CORPORATE GOVERNANCE REPORT

SN.	Category & Name of the Director	Required Expertise/Skill
<b>1.</b>	<b>Whole-time (Functional) Directors – Executive</b>	
i)	Chairman & Managing Director: Shri Sunil Kumar Chaudhary	<b>Mandatory:</b> At least a graduate from a recognised university with a good academic record and adequate experience at a senior level of management in a large organisation of repute. <b>Desirable:</b> Degree in Civil Engineering/Technical/MBA qualification and familiarity with Finance/ Marketing/ Projects. Experience of infrastructure projects, especially railway projects, techniques of organisational planning and manpower development in the railway's industry.
ii)	Director (Projects): Shri Shyam Lal Gupta	<b>Mandatory:</b> A graduate in Civil Engineering with a good academic record from a recognised University/Institution. Adequate technical/ operational/ project management experience in the Railway Sector. <b>Desirable:</b> Preferably holding MBA/ Technical qualifications.
iii)	Director (Works): Shri Yogesh Kumar Misra	<b>Mandatory:</b> A graduate in Civil Engineering with a good academic record from a recognised University/ Institution. Adequate technical/ operational/ project management experience in infrastructure projects, including roads/ highways. <b>Desirable:</b> Preferably holding MBA/ Technical qualifications.
iv)	Director (Finance): Shri Mukesh Kumar Singh	<b>Mandatory:</b> (i) Chartered Accountant or Cost Accountant or a full-time MBA/PGDM (with specialisation in Finance) course with a good academic record from a recognised University/ Institution with adequate experience at a senior level in an organisation of repute. (ii) Officers of Organised Group 'A' Accounts Services level working at an appropriate level are exempted from minimum qualification as per(i). (iii) Officers of Central Government/Armed Forces of the Union/All India Services with adequate and relevant experience are exempted from the minimum qualification as per above (i). Adequate experience at a senior level in Corporate Financial Management and Accounts, including cost, budgetary control, institutional finance, working capital management.
<b>2.</b>	<b>Government Nominee (Part-time (Official) Directors – Non-Executive</b> – Shri Hari Mohan Gupta – Shri Sudheer Kumar – Shri Ashutosh Gangal – Shri Dhananjaya Singh	As may be decided by the Government of India (Ministry of Railways).
<b>3.</b>	<b>Independent Directors (Part-time Non-Official Director) – Non-Executive</b> – Dr Balasatya Venkataramana Chitta – Dr Narinder Singh Raina – Shri Ashok Kumar Ganju	As may be decided by the Government of India (Ministry of Railways).

## CORPORATE GOVERNANCE REPORT

### 2.5 INFORMATION TO BE PLACED BEFORE THE BOARD OF DIRECTORS, INTER ALIA, INCLUDES:

The quantum and quality of information supplied by the Management to the Board goes well beyond the requirement stipulated in the SEBI (LODR) Regulations, 2015 as amended from time to time. The information being provided to the Board inter-alia includes the following:

- a) Quarterly/Half-yearly and Annual Financial Results of the Company.
- b) Minutes of the Audit Committee meetings, Board meetings and other committee meetings.
- c) Minutes of the Board meetings of the Subsidiary Companies.
- d) Capital and Revenue Budgets, along with any changes.
- e) Particulars of Related Party Transactions.
- f) Writing off of Bad Debts.
- g) Sale of material nature of investments, subsidiaries, assets.
- h) Information regarding major investments, incorporation of new subsidiaries and Joint Ventures, and Strategic Alliances.
- i) Any changes in significant accounting policies.
- j) Compliance of various laws by the Company.
- k) Major orders secured and bids lost.
- l) Disclosure of interests made by directors to the Company.
- m) Action Taken Report on the previous decisions made by the Board.
- n) Compliance/ Reports submitted with Stock Exchanges under SEBI (LODR) Regulations, 2015.
- o) All other information required to be presented to the Board for information, approval and review.

### 2.6 NEW DIRECTORS WHO HAVE BEEN APPOINTED/ RE-APPOINTED DURING FY2020-21:

#### a. **Shri Sudheer Kumar [DIN 01429832] - (from 12.05.2020 to 30.06.2020):**

Shri Sudheer Kumar, Additional Member (Planning), Railway Board was appointed on the Board of IRCON as Government Nominee [Part-Time (Official)] Director. Shri Kumar has done B. Tech (Electrical) with Honours from GB Pant University of Agriculture and Technology, Pant Nagar, Nainital. He belongs to Indian Railway Service of Electrical Engineers (IRSEE) officer of 1981 batch and had over 36 years of rich and varied experience in Railways. He had been Divisional Railway Manager Dhanbad, the

biggest Division on Indian Railways, Executive Director (Development) Railway Board, Executive Director (Energy Management) Railway Board, Principal Executive Director (Transformation) Railway Board, Advisor (Rolling Stock) Railway Board and Additional Member (RE) and Transformation Railway Board. As an Additional Member (Planning), Railway Board he entailed planning and budgeting of Railway Infrastructure projects including prioritization of investment and execution of the same. He was the founding Director and the representative of Ministry of Railways on the Board of Directors of JVs of Railways and NTPC (Bhartiya Rail Bijlee Company Limited) for setting up 1,000 MW power plant at Nabinagar, Bihar, and Alstom and Railways (Madhepura Electric Loco Company Limited, Madhepura) for setting up new Loco factory in Bihar, the biggest Make-in-India initiative of the GOI which brought in FDI in Railways.

#### b. **Shri Ashutosh Gangal (DIN: 07057313) - (from 27.08.2020 to 27.10.2020):**

Shri Ashutosh Gangal, Adviser (Planning), Railway Board was appointed on the Board of IRCON as Government Nominee [Part-Time (Official)] Director. Shri Gangal is graduated from the "Indian Railways Institute of Mechanical & Electrical Engineers, Jamalpur" (IRIMEE) in 1985 with gold medal in Section A and Section B in Institution of Engineers India. He had over 35 years of rich and varied experience in Railways. Earlier, he was involved as Principal Chief Mechanical Engineer at West Central Railway, Jabalpur; Senior Dy. General Manager at Central Railway, Mumbai and Divisional Railway Manager at Vadodara. His earlier assignments include a stint at Container Corporation of India Limited on deputation for about four years and as Chief Workshop Engineer in charge of Furnishing division of Integral Coach Factory, Chennai. He has also worked in the Vehicle Dynamics Group & Research directorates in RDSO, Lucknow. He has undergone training in reputed training institutes abroad in various management development programmes at International Anti-Corruption Agency (IACA), Austria; Carnegie Mellon University, Pittsburgh, USA; SDA - Bocconi School of Management, Milan, Italy & National University of Singapore. Apart from the above training, he has also travelled on various assignments to Germany, Israel and Sweden. As an Adviser (Planning), Railway Board he entailed planning and budgeting of Railway

# CORPORATE GOVERNANCE REPORT

Infrastructure projects including prioritization of investment and execution of the same. He was also the coordinator for National Infrastructure Pipeline Projects in the Railway Board.

**c. Shri Dhananjay Singh (DIN: 08955500) – (with effect from 10.11.2020):**

Shri Dhananjaya Singh, Executive Director (Works), Railway Board, has been appointed on the Board of IRCON as Government Nominee [Part-Time (Official) Director]. Shri Singh holds a bachelor's degree in Civil Engineering from University of Lucknow. Before his present assignment, he has worked in Railway Board in various work positions including Directors (Works) (Railway Board), Senior Divisional Engineer (Northern Railway). He was on deputation to Mumbai Rail Vikas Corporation (MRVC) as a Deputy Chief Project Manager.

Detailed profile of all the existing Directors can be viewed on the website at [www.ircon.org](http://www.ircon.org)

## 2.7 DETAILS OF REASONS FOR THE RESIGNATION OF INDEPENDENT DIRECTORS, IF ANY:

During FY2020–21, none of the Independent Directors resigned or vacated their office before the expiry of their tenure.

## 2.8 BOARD INDEPENDENCE

During the FY 2020–21, all the Independent Directors have given the declaration that they meet the criteria of Independence as per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time which has been taken on record by the Board at their meeting.

## 2.9 FAMILIARISATION PROGRAMME/TRAINING FOR BOARD MEMBERS:

The Company has framed a training policy for its directors, which aims at honing leadership qualities and providing a platform to share the knowledge, skills and expertise gained by the Directors. They are also provided documents about the Company which includes the Company's Profile, Memorandum and Articles of Association, Brochure, Annual Report, MoU targets and achievements, a paper on "Ethics & Governance"-a perspective by CVC, and Board-approved policies, DPE Guidelines on Corporate Governance and CSR & Sustainability, terms of reference of all Committees of Board. Along with this, the Company also provides with information on provisions on duties, responsibilities, disqualification of Directors under SEBI (LODR) Regulations, 2015, DPE Guidelines and the Companies

Act, 2013 and any other law as required.

The Company familiarises the Independent Directors with the activities and functioning of the Company and their roles, rights and responsibilities, nature of the industry in which the company operates and the business model etc., through various programmes and presentations. The details of such familiarisation programmes are disclosed on the Company's website 'www.ircon.org' at weblink: <https://www.ircon.org/images/Details%20of%20Familiarisation%20Programme%20to%20Ircon's%20Directors.pdf>

## 3. BOARD COMMITTEES

In compliance with requirements under Regulation 17 of the SEBI (LODR) Regulations, 2015, Companies Act, 2013, DPE Corporate Governance Guidelines and other requirements, the Board of Directors has constituted the following committees:

- i. Audit Committee
- ii. Nomination and Remuneration Committee
- iii. Stakeholders' Relationship Committee
- iv. Risk Management Committee
- v. Corporate Social Responsibility & Sustainability Committee
- vi. Independent Directors Committee

The Chairman of the Board, in consultation with the Company Secretary and the Chairman of the respective Committees, determines the frequency of the meetings of these Committees. The recommendations of the Committees are submitted to the Board for approval.

### 3.1 AUDIT COMMITTEE

#### 1. COMPOSITION, MEETING AND ATTENDANCE

The composition, quorum, role, terms of reference, scope etc. of the Audit Committee are in accordance with Section 177 of the Companies Act, 2013, read with Rule 6 and 7 of the Companies (Meetings of the Board and its Power) Rules, 2014, Regulations 18 and 24(2) of the SEBI (LODR) Regulations, 2015 and Chapter 4 of the DPE Corporate Governance Guidelines, 2010 as amended from time to time. However, composition and quorum of the Audit Committee is not in compliance w.e.f. 20th September 2020 due to not having adequate number of Independent Directors on its Board.

The Committee has been reconstituted as and when there has been a change in directors. The composition of Audit Committee during the year was as follows:

# CORPORATE GOVERNANCE REPORT

From 01.04.2020 till 19.09.2020	From 20.09.2020 till 27.10.2020	From 28.10.2020 till 25.03.2021	From 26.03.2021 till 31.03.2021
<b>Chairperson</b>			
Dr Balasatya Venkataramana Chitta Independent Director	Shri Ashok Kumar Ganju Independent Director	Shri Ashok Kumar Ganju* Independent Director	Shri Dhananjaya Singh Govt. Nominee Director
<b>Members</b>			
Shri Ashok Kumar Ganju Independent Director	Shri Ashutosh Gangal Govt. Nominee Director	Shri Yogesh Kumar Misra Director (Works)	Shri Yogesh Kumar Misra Director (Works)
Shri Yogesh Kumar Misra Director (Works)	Shri Shyam Lal Gupta Director (Projects)	Shri Shyam Lal Gupta Director (Projects)	Shri Shyam Lal Gupta Director (Projects)

\* Director upto 07.03.2021.

Ms. Ritu Arora, Company Secretary, is the Secretary to the Audit Committee.

During FY2020-21, the Audit Committee met 10 times on 30th April 2020, 9th July 2020, 10th July 2020, 30th July 2020, 14th August 2020, 25th August 2020, 11th November 2020, 17th December 2020, 12th February 2021 and 15th February 2021). The Composition of the Committee, number of meetings held and attendance details for the FY2020-21 are given below

Name of Member	Meeting Date										Total Meetings held during the tenure	No. of Meetings attended
	30.04.2020	09.07.2020	10.07.2020	30.07.2020	14.08.2020	25.08.2020	11.11.2020	17.12.2020	12.02.2021	15.02.2021		
Dr Balasatya Venkataramana Chitta	✓	✓	✓	✓	✓	✓	-	-	-	-	6	6
Shri Ashok Kumar Ganju	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	10
Shri Yogesh Kumar Misra	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10	10
Shri Ashutosh Gangal	-	-	-	-	-	-	-	-	-	-	-	-
Shri Shyam Lal Gupta	-	-	-	-	-	-	✓	✓	✓	*	4	3
Shri Dhananjaya Singh	-	-	-	-	-	-	-	-	-	-	-	-

Shri Ashok Kumar Ganju, Chairperson of the Audit Committee was present at the Annual General Meeting held on 29th September 2020 to answer the queries of the shareholders

## 2. TERMS OF REFERENCE

The terms of reference of the Audit Committee specified by the Board are in conformity with the requirements of Regulation 18 and 24(2) of SEBI (LODR) Regulations, 2015 and Regulation 9A (4) of SEBI (Prohibition of Insider Trading) Regulations, 2015, Section 177 of the Companies Act, 2013, Chapter 4 of

the DPE Corporate Governance Guidelines, 2010 as amended from time to time. The terms of reference are as follows:

### A. Financial Statements:

- Oversight of the Company's financial reporting process and the disclosure of its financial

# CORPORATE GOVERNANCE REPORT

information to ensure that the financial statement is correct, sufficient and credible.

2. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of section 134(3)(c) of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions;
  - vii. Qualifications / modified opinion(s) in the draft audit report, if any;
  - viii. Reviewing Management Discussion and Analysis of financial condition and results of operations;
3. Reviewing, with the management, the quarterly financial results and Auditors Report thereon before submission to the Board for approval.
4. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, to review the statement of deviation(s), in terms of Regulation 32(1) and (7) of SEBI (LODR), Regulations, 2015 and making appropriate recommendations to the Board to take up steps in this matter.

## B. Auditor and Internal Control:

5. Recommendation to the Board for fixation of remuneration of auditors of the Company;
6. Approval of payment to statutory auditors for any other services rendered by them;

7. Reviewing the appointment, removal and terms of remuneration of the internal auditor;
8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of internal control systems; reviewing & monitoring the auditor's independence & performance and effectiveness of the audit process;
9. Discussions with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
10. Discussions with the Statutory Auditors/Internal Auditors periodically about internal control systems including reviewing management letters/letters of internal control weaknesses issued by the Statutory Auditors.
11. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
12. Discussion with internal auditors of any significant findings and follow-up thereon.
13. Evaluation of internal financial controls and risk management systems.
14. Reviewing the findings of any internal investigations by the internal auditors/auditors/agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board.

## C. Related Party Transactions:

15. Approval or any subsequent modification of transactions of the Company with related parties; and other approvals required as per the Related Party Transactions Policy of the Company.

## D. C&AG Audit / COPU:

16. Review the follow-up action taken on the audit observations of the C&AG audit and Committee on Public Undertakings (COPU) of the Parliament.

## E. Subsidiary Company:

17. Reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments.
18. Reviewing the financial statements and in

## CORPORATE GOVERNANCE REPORT

particular the investments made by the unlisted subsidiary.

### F. Others:

19. Scrutiny of inter-corporate loans and investments.
20. Valuation of undertakings or assets of the company, wherever it is necessary.
21. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
22. To review the functioning of the whistleblower mechanism and to protect whistleblowers.
23. Reviewing, after the close of the financial year, the compliance with respect to the provisions of SEBI PIT Regulations to verify that the systems for internal control are adequate and are operating effectively.
24. The Audit Committee shall have authority to investigate any activity within its terms of reference and for this purpose seek information from any employee, obtain outside legal or other professional advice (subject to the approval of the Board of Directors) and have full access to the information contained in the records of the Company, secure attendance of outsiders with relevant expertise, if it considers necessary.

25. Any other work as may be decided by the Board; and as may be required under any other amendment in the Companies Act, or DPE Guidelines, or SEBI (LODR) Regulations, 2015, or any other SEBI Rules and Regulations, from time to time.

### 3.2 NOMINATION AND REMUNERATION COMMITTEE (NRC)

#### 1. Composition, Meeting and Attendance:

The composition, terms of reference, quorum, and the scope of Nomination & Remuneration Committee (NRC) are in line with the SEBI (LODR) Regulations, 2015, Companies Act, 2013 and DPE Corporate Governance Guidelines. However, the composition of Nomination and Remuneration Committee is not in compliance w.e.f. 20th September 2020 due to not having adequate number of Independent Directors and Non-Executive Directors.

The Committee has been reconstituted as and when there has been a change in directors. During the year, due to non-availability of Part-Time (Official) Directors and / or Independent Directors, NRC was suspended two time i.e., w.e.f. 28th October 2020 till 9th December 2020 and 8th March 2021 till 31st March 2021. The composition of Nomination and Remuneration Committee (NRC) during the year was as follows:

From 01.04.2020 till 19.09.2020	From 20.09.2020 till 27.10.2020	From 10.12.2020 till 07.03.2021
<b>Chairperson</b>		
Shri Ashok Kumar Ganju Independent Director	Shri Ashok Kumar Ganju Independent Director	Shri Ashok Kumar Ganju* Independent Director
<b>Members</b>		
Dr Narinder Singh Raina Independent Director	Shri Hari Mohan Gupta Govt. Nominee Director	Shri Dhananjaya Singh Govt. Nominee Director
Dr Balasatya Venkataramana Chitta Independent Director	Shri Ashutosh Gangal Govt. Nominee Director	Shri Mukesh Kumar Singh Director (Finance)

\* Director upto 07.03.2021.

Ms. Ritu Arora, Company Secretary, is the Secretary to this Committee.

During FY2020-21, five meetings of the NRC were held on 16th April 2020, 29th May 2020, 13th August 2020, 17th September 2020 and 17th December 2020. The attendance details of the NRC for the FY2020-21 are given below:

# CORPORATE GOVERNANCE REPORT

Name of Member	Meeting Date					Total Meetings held during the tenure	No. of Meetings attended
	16.04.2020	29.05.2020	13.08.2020	17.09.2020	17.12.2020		
Shri Ashok Kumar Ganju	✓	✓	✓	✓	✓	5	5
Dr Balasatya Venkataramana Chitta	✓	✓	✓	✓	-	4	4
Dr Narinder Singh Raina	✓	✓	✓	✓	-	4	4
Shri Hari Mohan Gupta	-	-	-	-	-	-	-
Shri Ashutosh Gangal	-	-	-	-	-	-	-
Shri Dhananjaya Singh	-	-	-	-	✓	1	1
Shri Mukesh Kumar Singh	-	-	-	-	✓	1	1

## 2. TERMS OF REFERENCE:

The terms of reference of the Nomination and Remuneration Committee (NRC) include the areas specified by SEBI (LODR) Regulations, 2015, Section 178 of the Companies Act, 2013, DPE Guidelines on Corporate Governance and as amended from time to time [except for the matters related with the Directors as the same have been exempted for the government companies under the Companies Act as well as by SEBI vide its letter dated 2nd April 2018 to IRCON].

The terms of reference of the Nomination and Remuneration Committee are as follows:

- To decide and approve the annual bonus/variable pay pool/performance-related pay and policy for its distribution across executives and non-unionised supervisors within limits prescribed in the DPE Guidelines.
- To review the policies for the selection and removal of persons in Senior Management and other employees as per DPE and other Government Guidelines and recommend the same for approval to the Board.
- To identify persons who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- To recommend to the Board of Directors a policy relating to the remuneration, in whatever form, for the key managerial personnel, senior management and other employees.
- To carry out any other functions as may be included under the Companies Act, or DPE Guidelines, or SEBI (LODR) Regulations, 2015.

Explanation: "Senior Management" shall mean officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall include all members one level below the Chief Executive Officer/Managing Director/Whole-time Director/Manager (including CEO/ Manager, in case they are not part of the Board) and specifically includes Company Secretary and Chief Financial Officer (CFO) (below the Board level) and the functional heads.

## 3. PERFORMANCE EVALUATION OF BOARD MEMBERS:

Ministry of Corporate Affairs has, vide its notification dated 5th June 2015, notified the exemptions to Government Companies from certain provisions of the Companies Act, 2013 which inter-alia provides that Section 134(3)(p) regarding a statement indicating the manner of formal annual evaluation of Board, shall not apply to Government Companies in case the Directors are evaluated by the Ministry which is administratively incharge of the Company as per its evaluation methodology. Further, the aforesaid circular issued by the MCA has also exempted that sub-sections (2), (3) & (4) of Sec. 178 regarding the appointment, performance evaluation and remuneration shall not apply to Directors of Government Companies.

Further, MCA vide its notification dated 5th July 2017 has made an amendment in the Schedule IV of the act, whereby it has exempted Government Companies from complying with the requirement of performance evaluation by the Independent Directors of Non-Independent Directors and Chairman and performance evaluation of the Independent



## CORPORATE GOVERNANCE REPORT

Director by the Board if the concerned department or ministries have specified these requirements.

In this regard, the Department of Public Enterprise (DPE) has already laid down a mechanism for performance appraisal of all Functional Directors. The performance evaluation of Functional Directors as well as the Company is done through a system of Annual Performance Appraisal Report (APAR) by Ministry of Railways and Memorandum of Understanding entered with Ministry of Railways respectively, and the said evaluation is submitted to Department of Public Enterprises through the Administrative Ministry. IRCON enters into Memorandum of Understanding (MoU) with Government of India each year, containing key performance parameters for the Company. The MoU targets are cascaded down and form an integral part of the performance appraisal of the individuals and the team. The internal MoU covers the operational and performance parameters like plant performance and efficiency, financial targets, cost-cutting

targets, environment, welfare, community development and any other relevant factor.

In respect of Government Nominee Directors, their evaluation is done by the Ministry of Railways as per the procedure laid down. Since Independent Directors are also appointed by the Government of India, their evaluation is also done by the Ministry of Railways and finally by DPE.

### 3.3 STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The composition, terms of reference, quorum, and the scope of Stakeholders' Relationship (SRC) are in line with the SEBI (LODR) Regulations, 2015 and Companies Act, 2013. However, w.e.f. 8th March 2021, the composition of Stakeholders Relationship Committee is not in compliance as per Regulation 20 (2A) of the SEBI (LODR) Regulations, 2015 due to not having any Independent Director on the Board.

The Committee has been reconstituted as and when there has been a change in directors. The composition of Stakeholders Relationship Committee during the year was as follows:

From 01.04.2020 till 19.09.2020	From 20.09.2020 till 27.10.2020	From 10.12.2020 to 28.10.2020	From 26.03.2021 till 31.03.2021
<b>Chairperson</b>			
Dr Balasatya Venkataramana Chitta Independent Director	Shri Ashok Kumar Ganju Independent Director	Shri Ashok Kumar Ganju** Independent Director	Shri Dhananjaya Singh Govt. Nominee Director
<b>Members</b>			
Shri Hari Mohan Gupta Govt. Nominee Director	Shri Hari Mohan Gupta* Govt. Nominee Director	Shri Mukesh Kumar Singh Director (Finance)	Shri Mukesh Kumar Singh Director (Finance)
Shri Mukesh Kumar Singh Director (Finance)	Shri Mukesh Kumar Singh Director (Finance)	Shri Shyam Lal Gupta Director (Projects)	Shri Shyam Lal Gupta Director (Projects)

\* Director upto 12.10.2020.

\*\*Director upto 07.03.2021

Ms Ritu Arora, Company Secretary, is the Secretary to this Committee.

During FY2020-21, the Committee met one time on 12th February 2021. The meeting and attendance details for FY2020-21 are given below:

Name of Member	Meeting Date	Total Meetings held during the tenure	No. of Meetings attended
	12.02.2021		
Dr Balasatya Venkataramana Chitta	-	-	-
Shri Ashok Kumar Ganju	✓	1	1
Shri Hari Mohan Gupta	-	-	-
Shri Mukesh Kumar Singh	✓	1	1
Shri Shyam Lal Gupta	✓	1	1
Shri Dhananjaya Singh	-	-	-

# CORPORATE GOVERNANCE REPORT

## 1. TERMS OF REFERENCE

Terms of Reference of the Stakeholders Relationship Committee includes the following areas as specified under section 178 of the Companies Act, 2013, along with Regulation 20 of the SEBI (LODR) Regulations, 2015:

- To look into the various aspect of interest of shareholders, debenture holders and other security holders.
- To consider and resolve grievances of the security holders of the Company, including complaints in relation to transfer/transmission of shares, non-receipt of the annual report, non-receipt of declared dividends, issue of new/duplicate certificates and general meetings.
- Review of measures taken for the effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted in respect of various services being rendered by Registrar & Share Transfer Agent.

- Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders.
- To carry out any other function as may be required under Companies Act, or DPE Guidelines, or SEBI (LODR) Regulations, 2015 or other matters, if any required by the stock exchanges from time to time.

## 2. NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Ms Ritu Arora, Company Secretary, is the Compliance Officer of the Company in terms of SEBI (LODR) Regulations, 2015.

## 3. DETAILS OF SHAREHOLDER'S COMPLAINTS

The Company has attended to Investor's grievances expeditiously. During FY2020-21, a total of 141 queries/complaints from Shareholders were received, and 12 complaints are pending at the end of the year. The details are as follows:

NATURE OF COMPLAINT	RECEIVED	RESOLVED	PENDING
Status of Applications Lodged for Public Issues / splitting of shares / clarification regarding shares	8	7	1
Non-receipt of Refund Order	-	-	-
Non-Receipt of Dividend warrants (Including Enquires)	115	105	10
Non-receipt of Electronic Credits	13	13	-
SEBI Complaints (related to non-receipt of Dividend)	2	2	-
Stock Exchange Complaints	-	-	-
Consumer Forum/ Court Cases	-	-	-
Advocate Notices	-	-	-
Miscellaneous	3	2	1
<b>Total</b>	<b>141</b>	<b>129</b>	<b>12</b>

## 3.4 RISK MANAGEMENT COMMITTEE

The Company has an elaborate Enterprise Risk Management (ERM) framework in place. The Risk Management Committee has been constituted in line with the requirements of the SEBI (LODR) Regulations, 2015. As per SEBI (LODR) Regulations 2015, the requirement of Risk Management Committee is applicable with effect from 01.04.2019 on the Company; however, the Company already has a Board level Risk Management Committee since 2012 comprising three Functional Directors.

## 1. COMPOSITION

The Company has a Risk Management Committee comprising of Whole-Time Directors, a Rapid Action Group at Executive Directors (below-board) level/ Chief General Managers.

The Composition of the Risk Management Committee and attendance detail of one meeting held on 27.05.2020 of the Committee during FY2020-21 are as follows:

## CORPORATE GOVERNANCE REPORT

Composition of the Committee	Meeting Date	Total Meetings held during the tenure	No. of Meetings attended
	27.05.2020		
Shri Mukesh Kumar Singh* Director (Finance) – Chairman	✓	1	1
Shri Yogesh Kumar Misra Director (Works) – Member	✓	1	1
Shri Shyam Lal Gupta Director (Projects) – Member	✓	1	1

\* Nominated as Chairman w.e.f. 15.02.2021.

The Committee is assisted by concerned Executive Directors (below Board) level/Chief General Managers

### 2. TERMS OF REFERENCE:

The terms of reference of the Risk Management Committee are to identify, evaluate and minimise identifiable risks. It includes activities like assessing the risk appetite of the company in line with the overall business environment and company's objectives, identifying the potential risks and their impact assessment on the ongoing and potential projects, development of response strategy to the assessed risks, dissemination of response strategy at the implementation level and its implementation, monitoring and feedback on the risk management effectiveness.

### 3.5 CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY COMMITTEE (CSR COMMITTEE)

The composition, terms of reference, quorum and other matters in relation to the Corporate Social Responsibility & Sustainability Committee (CSR Committee) are as per the requirements specified under section 135 of the Companies Act, 2013 and the applicable rules thereunder, and DPE Guidelines on CSR and Sustainability, 2014.

#### 1. COMPOSITION, MEETINGS AND ATTENDANCE:

The Committee has been reconstituted as and when there has been a change in directors. The composition of CSR Committee during the year was as follows:

From 01.04.2020 till 19.09.2020	From 20.09.2020 till 27.10.2020	From 28.10.2020 till 25.03.2021	From 26.03.2021 till 31.03.2021
<b>Chairperson</b>			
Shri Ashok Kumar Ganju Independent Director	Shri Ashok Kumar Ganju Independent Director	Shri Ashok Kumar Ganju Independent Director**	Shri Mukesh Kumar Singh Director (Finance)
<b>Members</b>			
Dr Narinder Singh Raina Independent Director	Shri Hari Mohan Gupta* Part-time official Director	Shri Mukesh Kumar Singh Director (Finance)	Shri Yogesh Kumar Misra Director (Works)
Shri Shyam Lal Gupta Director (Projects)	Shri Yogesh Kumar Misra Director (Works)	Shri Yogesh Kumar Misra Director (Works)	Shri Shyam Lal Gupta Director (Projects)

\* Director upto 12.10.2020.

\*\* Director upto 07.03.2021.

Ms. Ritu Arora, Company Secretary, is the Secretary to this Committee.

The details of the CSR & Sustainability activities of the Company are provided in the Annual Report and placed on the Website of the Company

# CORPORATE GOVERNANCE REPORT

## 2. MEETINGS AND ATTENDANCE:

During FY2020-21, the Committee met one time on 24th August 2020. The attendance details of said meeting are:

Name of Member	Meeting Date	Total Meetings held during the tenure	No. of Meetings attended
	24.08.2020		
Shri Ashok Kumar Ganju	✓	1	1
Dr Narinder Singh Raina	✓	1	1
Shri Shyam Lal Gupta	✓	1	1
Shri Mukesh Kumar Singh	-	-	-
Shri Yogesh Kumar Misra	-	-	-

## 3. TERMS OF REFERENCE

The terms of reference of the CSR Committee, inter - alia, include -

- To oversee the implementation of the Corporate Social Responsibility and Sustainability Policy of the Company and to assist the Board to formulate suitable policies and strategies to take the Corporate Social Responsibility and Sustainability agenda of the Company forward in the desired direction.
- To appoint a Nodal officer, not less than a General Manager level official, and his team of officials, as though appropriate in terms of the Guidelines.
- To recommend the Corporate Social Responsibility activities, under the Board approved Corporate Social Responsibility and Sustainability Policy of the Company and as per Schedule VII of the Companies Act, 2013 and DPE Guidelines, and put up to the Board for approval/ratification.
- To evolve modalities to not only promptly identify Corporate Social Responsibility activities but also to get the necessary clearances at the appropriate level and the Board whenever required; for carrying on the identified activities, and to attain the objectives well in time in a streamlined manner.

## 3.6 INDEPENDENT DIRECTORS COMMITTEE

The terms of reference of the Independent Directors Committee are as per Schedule IV of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 to the extent applicable and DPE-OM dated 28th December

2012 (as amended vide DPE-OM dated 20th June 2013).

Subsequent to cessation of two Independent Directors on 19th September 2020, the Company was having only one Independent Director w.e.f. 20th September 2020 whose tenure also ended on 7th March 2021. Hence, due to the non-availability of the Independent Directors, the meeting of the Independent Directors could not be held during the year.

## 3.7 REMUNERATION OF DIRECTORS:

Being a Government Company, the Whole-Time Directors are appointed by the President of India through the Ministry of Railways and draw remuneration as per Industrial Dearness Allowance (IDA) pay scales pre-determined by the Government and as per the terms and conditions of their appointment issued by the Government.

The Part-Time Official (non-executive) Directors nominated on the Board do not draw any remuneration from the Company for their role as a director and they draw their remuneration under Central Dearness Allowance (CDA) pay scales from the Government of India as government officials.

Independent (non-executive) Directors are paid a sitting fee for attending the meetings of the Board and Committee thereof. During FY2020-21, the Independent Directors were paid a sitting fee of ₹ 30,000/- for attending the Board Meeting and ₹20,000/- for attending Board Committee Meetings.

# CORPORATE GOVERNANCE REPORT

a. Details of remuneration of Whole-time Directors during FY2020-21 are given below:

(in ₹)

S. NO.	PARTICULARS OF REMUNERATION	NAME & DESIGNATION OF DIRECTORS			
		SHRI S. K. CHAUDHARY CHAIRMAN & MANAGING DIRECTOR	SHRI M.K. SINGH DIRECTOR (FINANCE)	SHRI YOGESH KUMAR MISRA DIRECTOR (WORKS)	SHRI SHYAM LAL GUPTA DIRECTOR (PROJECTS)
1	<b>Gross salary</b>				
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	43,49,478	42,09,084	31,30,130	42,17,817
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10,18,590	9,00,202	8,14,466	8,66,487
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2	Stock option				
3	Sweat Equity				
4	Commission				
5	Others, please specify:				
	- Performance Linked Incentive	25,07,721	18,82,060	12,98,894	10,94,425
	- Retirement Benefits	6,92,420	6,69,773	6,23,676	6,68,940
	<b>Total</b>	<b>85,68,209</b>	<b>76,61,118</b>	<b>66,87,677</b>	<b>69,04,937</b>

b. Details of payments made to Independent Directors [Part-Time Non-Official] Directors during FY2020-21:

(in ₹)

NAME OF THE INDEPENDENT DIRECTOR/PART-TIME (NON-OFFICIAL DIRECTORS)	SITTING FEE		TOTAL
	BOARD MEETINGS	COMMITTEE MEETINGS	
Dr Balasatya Venkataramana Chitta (upto 19.09.2020)	1,20,000	1,80,000	3,00,000
Dr Narinder Singh Raina (upto 19.09.2020)	90,000	20,000	1,10,000
Shri Ashok Kumar Ganju (upto 07.03.2021)	2,70,000	2,80,000	5,50,000

## 4. GENERAL BODY MEETINGS

4.1 DATE, TIME AND LOCATION OF THE LAST THREE YEARS' ANNUAL & EXTRA-ORDINARY GENERAL BODY MEETINGS HELD:

FINANCIAL YEAR	DATE OF HOLDING THE MEETING	TIME	LOCATION/VENUE
2019-20 (44th AGM)	29 <sup>th</sup> September 2020	1130 hours	Through Video Conferencing (Registered office was considered as Venue of the Meeting)
2018-19 (43rd AGM)	3 <sup>rd</sup> September 2019	1000 hours	Air Force Auditorium, Subroto Park, New Delhi - 110010
2017-18 (42nd AGM)	14 <sup>th</sup> September 2018	1600 hours	Railway Board, Rail Bhawan, New Delhi-110001
2017-18 (8th EGM)	21 <sup>st</sup> December 2017	1330 hours	Railway Board, Rail Bhawan, New Delhi-110001
2017-18 (7th EGM)	22 <sup>nd</sup> May 2017	1200 hours	3rd Floor, C-4, District Centre, Saket, New Delhi-110017

# CORPORATE GOVERNANCE REPORT

## Details of Special resolutions passed in the General Meetings during the last three years:

Date of General Meeting	Details of Special Resolutions passed
14th September 2018 (AGM)	Amendment of the borrowing powers under Section 180 (1)(c) of the Companies Act, 2013 and to provide security in connection with the borrowings under Section 180 (1) (a) of the Companies Act, 2013.
21st December 2017 (EGM)	Amendment in the Memorandum and Articles of Association of the Company as per the Companies Act, 2013 & SEBI (LODR) Regulations, 2015.
22nd May 2017 (EGM)	<ol style="list-style-type: none"> <li>Amendment in the Memorandum of Association of the Company</li> <li>Amendment in the Articles of Association of the Company to increase the authorised share capital of the Company from ₹ 100 crores to ₹ 400 crores.</li> </ol>

### 4.2 SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT DURING FY2020-21:

No special resolution was passed through the postal ballot in the FY 2020-21.

### 4.3 NO SPECIAL RESOLUTION IS PROPOSED TO BE CONDUCTED THROUGH POSTAL BALLOT.

## 5. MEANS OF COMMUNICATION

The Company communicates with its shareholders through its Annual Report, General Meetings and disclosures through its website. Information, latest updates and announcements regarding the Company can be accessed at the company's website: [www.ircon.org](http://www.ircon.org) includes the following:

- Quarterly/ Half-yearly/ Annual Financial Results
- Quarterly Shareholding Pattern
- Quarterly Corporate Governance Report
- Transcripts of conferences with analysts
- Intimations made to the Stock Exchanges from time to time.
- The Company's official news releases, other press coverage, presentations made to institutional investors or analysts.
- Email ID of the Company Secretary and Compliance Officer and RTA exclusively for the purpose of registering complaints by investors has been displayed on the website under the head "Investor Relations→ Investor Contact."

The Company also communicates with its institutional shareholders through a combination of analysts briefing

and individual discussions and also participation in investor conferences from time to time. Financial results are discussed by way of conference calls, regularly after the close of each quarter.

## During FY2020-21, Quarterly, Half-yearly and Yearly Results have been published as follows:

QUARTER	NEWSPAPER(S)
Q1 ended 30.06.2020	Financial Express (English), Indian Express (English), Jansatta (Hindi)
Q2 and half year ended 30.09.2020	Financial Express (English), Indian Express (English), Jansatta (Hindi)
Q3 and nine months ended 31.12.2020	Financial Express (English), Indian Express (English), Jansatta (Hindi)
Q4 and the year ended 31.03.2021	Financial Express (English), Indian Express (English), Jansatta (Hindi)

## 6. GENERAL SHAREHOLDER INFORMATION:

### 6.1 ANNUAL GENERAL MEETING OF THE CURRENT YEAR (THROUGH VIDEO CONFERENCING):

**Day & Date :** Friday & 24th September 2021

**Time :** 12:30 P.M.

**Venue :** Registered Office of the Company at C-4, District Centre, Saket, New Delhi- 110017

### 6.2 FINANCIAL YEAR

The Company's Financial Year is from 1st April to 31st March.

### 6.3 BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 18th September 2021 to Friday, 24th September 2021 (both days inclusive).

### 6.4 PAYMENT OF DIVIDEND

The Board of Directors of the Company has recommended a final dividend at the rate of ₹ 1.70 per share of face value of ₹ 2/- each [i.e.85% of paid-up share capital of ₹ 188.10 Crore] amounting to ₹ 159.89 Crore for the financial year ended 31st March 2021 over and above the Interim Dividend of ₹ 1.30 per share of face value of ₹ 2/- each (i.e. 65% of paid-up share capital of ₹ 94.50 Crore) amounting to ₹ 61.13 Crore which was declared and paid in February & March 2021 respectively.

The final dividend on equity shares will be paid on Tuesday, 12th October, 2021 to those Members whose names appear on the Register of Members of the Company in respect of physical shares and in respect of dematerialised shares to the "beneficial owners" of the shares whose names appear in the

# CORPORATE GOVERNANCE REPORT

Statement of Beneficial Ownership furnished by National Securities Depository Limited and Central

Depository Services (India) Limited as at the close of business hours on Friday, 17th September, 2021.

## 6.5 DIVIDEND HISTORY

The details of dividend paid by IRCON in the last eight years are summarised as under:

Year	Total Paid-up Capital (₹ in crore)	Total Amount of Dividend Paid (₹ in crore)	Date of Board Meeting* / AGM in which Dividend Was Declared	Interim/ Final	Payment Date of Dividend
2012-2013	19.796	148.47 (₹ 75 per share)	30.01.2013*	Interim	25.02.2013
			03.09.2013	Final	27.09.2013
2013-2014	19.796	182.12 (₹ 92 per share)	31.01.2014*	Interim	25.02.2014
			25.09.2014	Final	17.10.2014
2014-2015	19.796	182.12 (₹ 92 per share)	28.01.2015*	Interim	24.02.2015
			22.12.2015	Final	18.01.2016
2015-2016	19.796	168.26 (₹ 85 per share)	19.02.2016*	Interim	14.03.2016
			28.09.2016	Final	21.10.2016
2016-2017	19.796+79.184#	79.05	20.01.2017*	Interim	14.02.2017
	19.796+79.184#	16.10	23.03.2017*	Additional Interim	27.03.2017
	19.796+79.184#	97.25	28.09.2017	Final	24.10.2017
2017-2018	94.05	192.40 (₹ 20.46 per share)	20.03.2018*	Interim	28.03.2018
			14.09.2018	Final	10.10.2018
2018-2019	94.05	202.64 (₹ 21.54 per share)	07.02.2019*	Interim	26.02.2019
			28.05.2019	Final	18.09.2019
2019-2020	94.05	223.48 (per share)\$	11.02.2020*	Interim	03.03.2020
			10.07.2020	Final	14.10.2020
2020-2021	94.05	61.13 (₹ 1.30 per share**)	15.02.2021	Interim	03.03.2021
	188.10***	159.89 (₹ 1.70 per share**)	12.08.2021	Final	12.10.2021

\*Date of Board Meeting in which interim dividend was declared.

\*\* face value of ₹ 2 each.

\*\*\* subsequent to bonus issue in the ratio of 1:1, paid-up capital changed from ₹ 94.05 Crore to ₹ 188.10 Crore w.e.f. 23.05.2021.

#Interim, additional interim and the final dividend was paid on the Bonus share capital of ₹ 79.184 Crore (for 70 days proportionately on bonus shares allotted on 05.01.2017).

\$ Interim dividend was paid @ ₹ 13.45 per share at a face value of ₹ 10 each and final dividend was paid @ ₹ 2.06 per share of face value of ₹ 2/- each.

## 6.6 DIVIDEND DISTRIBUTION POLICY:

The Company has a Dividend Distribution policy approved by its Board of Directors. The intent of the policy is to broadly specify the parameters (external and internal factors) that shall be considered while declaring dividend and the circumstances under which shareholders of the Company may/may not expect dividend and how the retained earnings shall be utilised. The Policy is annexed to the Board's

Report and has also been hosted on the Website of the Company.

## 6.7 LISTING ON STOCK EXCHANGE:

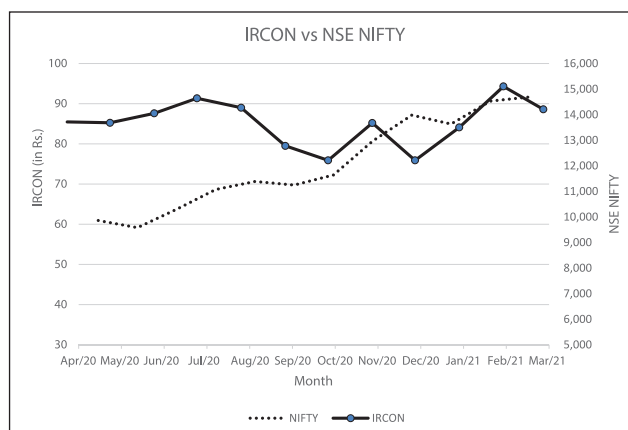
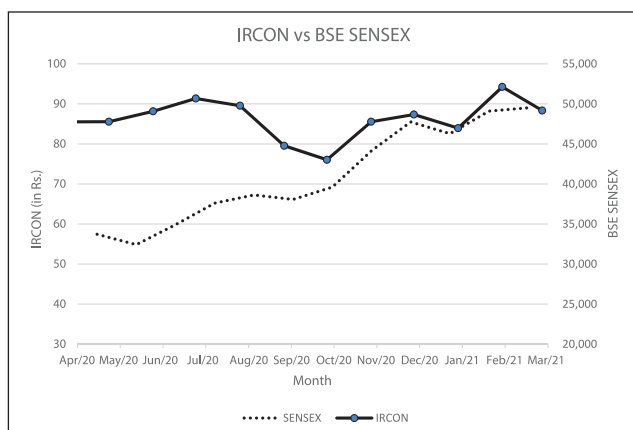
The Company got listed on 28.09.2018 on the following Stock Exchanges. The payment of the annual listing fee for FY2020-21 has been made to National Stock Exchange of India Limited and BSE Ltd. The ISIN of Company is INE962Y01021.

# CORPORATE GOVERNANCE REPORT

NATIONAL STOCK EXCHANGE OF INDIA LIMITED	BSE LIMITED
Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai- 400 051	Phiroze Jeejeebhoy Towers,
Scrip Code: IRCON	Scrip Code: 541956

## 6.8 IRCON'S SHARES MARKET PRICE DATA FOR FY2020-21

Month	NSE				BSE				INDEX	
	HIGH	LOW	CLOSE	VOLUME	HIGH	LOW	CLOSE	VOLUME	NSE NIFTY	BSE SENSEX
	in ₹			(in no. of shares in Crores)	in ₹			(in no. of shares in Crores)		
Apr-20	399.00	79.10	85.45	21,169,784	398.25	79.45	85.50	1,446,260	9,859.90	33,717.62
May-20	92.00	81.75	85.25	13,965,792	91.80	81.95	85.55	1,024,632	9,580.30	32,424.10
Jun-20	98.30	83.70	87.60	23,913,867	98.25	84.00	88.15	1,691,113	10,302.10	34,915.80
Jul-20	105.45	85.00	91.35	54,436,682	105.45	85.05	91.35	3,366,997	11,073.45	37,606.89
Aug-20	100.70	88.60	89.00	30,994,947	100.70	88.75	89.55	2,420,073	11,387.50	38,628.29
Sep-20	90.90	77.45	79.50	18,241,001	91.00	77.45	79.55	1,626,404	11,247.55	38,067.93
Oct-20	82.50	72.75	75.90	11,383,195	82.50	72.80	76.05	1,085,063	11,642.40	39,614.07
Nov-20	86.95	74.00	85.20	11,298,769	86.80	74.10	85.55	1,210,127	12,968.95	44,149.72
Dec-20	82.50	72.75	75.90	11,383,195	96.05	80.00	87.35	2,243,258	13,981.75	47,751.33
Jan-21	94.15	82.55	84.10	35,350,145	94.20	82.75	83.95	2,643,959	13,634.60	46,285.77
Feb-21	108.50	83.20	94.30	90,540,202	108.40	83.50	94.25	7,272,479	14,529.15	49,099.99
Mar-21	100.65	79.35	88.60	168,217,393	100.70	79.40	88.35	12,706,005	14,690.70	49,509.15





## CORPORATE GOVERNANCE REPORT

### 6.9 SECURITIES OF THE COMPANY HAVE NOT BEEN SUSPENDED FROM TRADING DURING FY2020-21.

### 6.10 REGISTRAR AND TRANSFER AGENT FOR SHARES

#### KFin Technologies Private Limited

(formerly known as Karvy Fintech Private Limited),  
Corporate Registry, Karvy Selenium, Tower- B,  
Plot No. 31 & 32, Financial District,  
Nanakramguda, Serilingampally Mandal,  
Hyderabad-500032, India.  
Toll-Free No: 1-800-309-4001  
Email: einward.ris@kfintech.com

### 6.11 SHARE TRANSFER SYSTEM

KFin Technologies Private Limited is the Registrar and Share Transfer Agent (RTA) for the Physical and Demat shares and is also the depository interface of the Company with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Board of Directors has authorised anyone of the Whole-Time Director and Company Secretary (or any two Whole-Time Directors in the absence of Company Secretary) to issue share certificate on receipt of the request for rematerialisation /split/ duplicate of shares and to sign/affix facsimile signature and affix common seal on share certificate.

In line with SEBI's circular no. SEBI/LAD-NRO/GN/2018/24 dated 8th June 2018 wherein it has been mandated that w.e.f. 01.04.2019, the request for effecting transfer of securities/ shares shall not be processed unless the securities are held in dematerialised form, except in case of transmission or transposition of securities/shares. In this reference, a notice has been hosted on the Website of the Company for informing the shareholders to hold the shares in dematerialised form only w.e.f. 01.04.2019.

The share transmission activities under the physical segment are being carried out by RTA. Half-Yearly Compliance Certificate as required under Regulation 7(3) of SEBI (LODR) Regulations, 2015 duly signed by the Compliance Officer and Share Transfer Agent have been submitted to the Stock Exchange.

Pursuant to Regulation 40(9) of the SEBI (LODR) Regulations, 2015, a certificate from Practising Company Secretary on half-yearly basis confirming that all certificates had been issued within thirty days of the date of lodgement for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/ allotment monies had been submitted to Stock Exchange within a stipulated time. Though, during FY2020-21, no request/ applications relating to share transfers, sub-division, consolidation, renewal, exchange or endorsement of calls/ allotment monies were received.

### Distribution of Shareholding as on 31st March 2021

#### a. Distribution of shares according to the size of holding as on 31st March 2021:

No. of Equity Share(s) Held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1 - 500	163182	88.15	2,18,60,794	4.65
501 - 1000	10950	5.91	90,37,898	1.92
1001 - 2000	5369	2.90	82,79,260	1.76
2001 - 3000	2802	1.51	68,50,577	1.46
3001 - 4000	667	0.36	23,97,008	0.51
4001 - 5000	663	0.36	31,71,641	0.67
5001 - 10000	848	0.46	63,20,262	1.34
10001 - 20000	312	0.17	44,15,372	0.94
20001 - 30000	114	0.06	28,24,241	0.60
30001 - 40000	45	0.02	15,79,142	0.34
40001 - 50000	34	0.02	15,94,256	0.34
50001 - 100000	53	0.03	37,37,957	0.79
100001 and above	85	0.05	39,81,89,462	84.67
<b>TOTAL</b>	<b>185124</b>	<b>100.00</b>	<b>470257870</b>	<b>100.00</b>

# CORPORATE GOVERNANCE REPORT

## b. Shareholding Pattern as on 31st March 2021

Category	No. of Shares Held	% of Total No. of Shares
<b>Promoters Holding</b>		
President of India	34,41,50,825	73.18
<b>Sub-Total (1)</b>	<b>34,41,50,825</b>	<b>73.18</b>
<b>Non-Promoters Holding</b>		
Mutual Funds	6,80,173	0.15
Financial Institutions/ Banks	8,79,450	0.18
Foreign Portfolio Investors	74,97,106	1.60
Bodies Corporates	2,71,42,987	5.77
Resident Individuals	7,20,46,856	15.31
Others	1,78,60,473	3.80
<b>Sub-Total (2)</b>	<b>12,61,07,045</b>	<b>26.82</b>
<b>Total (1+2)</b>	<b>47,02,57,870</b>	<b>100.00</b>

## c. Shareholders holding more than 1% of shares of the Company:

Category & Shareholder's Name	As on 31 <sup>st</sup> March 2021	
	Voting Strength	No. of Shares Held
<b>Promoter &amp; Promoter Group</b>		
The President of India	73.18	34,41,50,825
<b>Non-Promoter (Body Corporate)</b>		
Rajasthan Global Securities Private Limited	1.38	65,00,000

## d. Disinvestment of shares by the Government of India

During FY2020-21, the President of India (Promoter) acting through Ministry of Railways, Government of India has divested 16% of total paid up share capital of the Company (i.e., 7,52,41,260 equity shares) by way of Offer for Sale on 3rd March 2021 and 4th March 2021.

## 6.12 Dematerialisation of Shares and Liquidity

The shares of the Company are in compulsory dematerialised form and are admitted with both the Depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Reconciliation of Share Capital Audit Report of the Company obtained from the Practising Company Secretary has been submitted to Stock Exchanges within the stipulated time.

No. of shares held in the dematerialised and physical mode as on 31st March, 2021 are as follows:

Category	No. of Shares	Percentage
Physical	586	Negligible
<b>DEMAT</b>		
with NSDL	42,19,39,308	89.73
with CDSL	4,83,17,976	10.27
<b>Total</b>	<b>47,02,57,870</b>	<b>100</b>

## 6.13 Outstanding GDRs/ADRS:

There are no GDRs/ADRS/warrants/convertible instrument outstanding as on 31st March 2021.

## 6.14 Commodity price risk or Foreign Exchange Risk and hedging activities:

Dealing in foreign currencies involve foreign exchange risk, and the exchange rate may change unfavourably before the currency is exchanged. In order to minimise or eliminate foreign exchange risk, these exchange rate fluctuations are monitored constantly, and surplus funds are exchanged/ repatriated to India at the appropriate time. However, there is no exchange fluctuation risk, as inwards and outwards is in the same foreign currency. This provides natural hedging against foreign currency fluctuation risk.

## 6.15 Plant Locations/Operating Units

The Company has its headquarter at Saket, New Delhi and forty three (43) Project offices including four (4) regional offices to support and manage its business operations throughout India and four (4) overseas project offices in Sri Lanka, Bangladesh, Malaysia, South Africa and Algeria to provide outside support overseas.

A list of the operating units/offices is available on the Website of the Company.

## 6.16 Address for Correspondence with the Registered Office

(Regarding Corporate Governance matters covered under this report)

Ms Ritu Arora

Company Secretary and Compliance Officer,

Ircon International Limited,

C-4, District Centre, Saket, New Delhi – 110 017,

Telephone: 91-11-26530456,

Fax: 91-11-26522000/26854000,

Email: investors@ircon.org,

Website: www.ircon.org.

# CORPORATE GOVERNANCE REPORT

## 6.17 List of all Credit Ratings Obtained by the Company:

Credit ratings assigned to Ircon International Limited for various debt instruments by Rating agencies are given below:

**Instrument** - Long- term/ Short-term Bank Facilities

**Rating Agency**- CARE

**Rating**- CARE AAA; Stable/CARE A1+ (Triple A; Outlook; Stable/A One Plus)

**Outlook**- Stable

## 7. DISCLOSURES

### 7.1 RELATED PARTY TRANSACTION

There has been no materially significant related party transaction, pecuniary transactions or relationships between the Company and the Directors, management, subsidiaries or relatives, except for those disclosed in the financial statements for the year ended 31st March 2021, and as reported in the Board's Report in terms of the requirement under Section 134 of the Companies Act, 2013.

The transactions with the related party are in the ordinary course of business on arms' length basis, and the disclosure of the same has been made as per the requirement of Companies Act, 2013 (i.e., Form AOC-2), SEBI (LODR) Regulation, 2015 and relevant Accounting Standard (in notes to Financial Statements of the Company).

The Company has formulated a Related Party Transaction (RPT) Policy to set out the materiality thresholds for related party transactions and the manner of dealing with the transactions between the Company and its related parties based on the Act and Listing Regulations.

The RPT Policy is available at the link:

[http://www.ircon.org/index.php?option=com\\_content&view=article&id=212&Itemid=606&lang=en](http://www.ircon.org/index.php?option=com_content&view=article&id=212&Itemid=606&lang=en)

### 7.2 Details of non-compliance by the Company, penalties & strictures imposed on the company by any statutory authority, on any matter related to any guidelines issued by Government, during the last three years.

There has been no instance of non-compliance of any statutory regulation or Government guidelines, nor there has been any penalties or strictures imposed on the Company on any matter related to the capital market and guidelines issued by Government except as disclosed in the Secretarial Audit Report or in this report.

### 7.3 Code of Conduct

The Company has in place a Code of Conduct for Board Members and for Senior Management and also Key Values for the Company as a whole. Both the Code of Conduct and Key Values came into effect from 1st April 2005 and have been posted on the Website of the Company, i.e., [www.ircon.org](http://www.ircon.org).

Declaration signed by the Chairman & Managing Director affirming receipt of compliance with the Code of Conduct and Key Values from the Board of Directors and Members of Senior Management team during FY2020-21 is placed as Annexure – E1.

### 7.4 Code of Conduct for Fair Disclosure for Prevention of Insider Trading

In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, IRCON's Board has approved an 'Internal Code for prevention of Insider Trading in dealing with securities of IRCON' with an aim that insiders of the Company shall not derive any benefit or assist others to derive any benefit from the access to and possession of Unpublished Price Sensitive Information about the Company which is not in the public domain and thus constitutes insider information.

### 7.5 Whistle Blower Policy

The Company believes in conducting its business and working with all its stakeholders, including employees, customers, suppliers and shareholders in an ethical and lawful manner by adopting the highest standard of professionalism, honesty, integrity and ethical behaviour.

The Company has in place a Whistle Blower Policy approved by the Board of Directors under which there is a mechanism for Employees and Directors of the Company to report to the Management, concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's Policies and Code of conduct, instances of a leak of unpublished price sensitive information.

The Policy also provides for adequate safeguards against victimisation of employees and directors who avail the mechanism. Complaints under this policy shall be addressed to the Chairman and Managing Director of the Company or in exceptional cases, i.e., in respect of a complaint against an officer of E-9 grade, or where complainant apprehends victimisation, to the Chairman of the Audit Committee. Complaints against the Board Level Executives shall be made to the Vigilance Directorate of the Ministry of Railways, Government of India, for further processing.

# CORPORATE GOVERNANCE REPORT

## 7.6 Compliance of SEBI (LODR) Regulations 2015

During the FY 2020-21, the Company is non-compliant with respect to the composition of Board of Directors; composition and quorum of Audit Committee, Stakeholders Relationship Committee; and composition of Nomination & Remuneration Committee due to vacant posts of Independent Directors and Non-Executive Directors. Since, the appointment of Directors is made by the administrative Ministry (i.e., Ministry of Railways), the Company has no role to play in it and the Company has requested the Ministry of Railways for requisite number of Independent Directors (including Woman Director) and Government Nominee Director on the Board of the Company.

## 7.7 Weblink where policy for determining 'material' subsidiaries is disclosed:

<https://www.ircon.org/images/file/cosecy/Policy%20on%20Material%20Subsidiaries.pdf>

Presently, the Company has the following six wholly-owned subsidiaries:

- Ircon Infrastructure & Services Limited (IrconISL)
- Ircon PB Tollway Limited (IrconPBTL)
- Ircon Shivpuri Guna Tollway Limited (IrconSGTL)
- Ircon Davanagere Haveri Highway Limited (IrconDHHL)
- Ircon Vadodara Kim Expressway Limited (IrconVKEL)
- Ircon Gurgaon Rewari Highway Limited (IrconGRHL)

**Material Subsidiary :** For the FY 2020-21, Ircon Vadodara Kim Expressway Limited (IrconVKEL) is a material subsidiary of the Company. The Company is in compliance with Regulation 24A of the Listing Regulations. The Company's unlisted material subsidiary, i.e. IrconVKEL undergo Secretarial Audit for the FY2020-21. Copy of Secretarial Audit Report of IrconVKEL for the FY 2020-21 along with the management reply to the observation of the Report is attached as Annexure E-2.

## 7.8 During the year, no funds have been raised through preferential allotment or qualified institutions placement.

## 7.9 Statutory Auditors Fees:

This includes total fees for all services paid by the Company and its subsidiary, on a consolidated basis, to the statutory auditor. The details of payment made to Statutory Auditor during FY2020-21 on a consolidated basis are mentioned below:

(₹ in crore)

Sr. No.	Particulars of Fees	Amount
1	Audit Fee	0.30
2	Tax Audit Fee	0.09
3	Fee for Quarterly Limited Review	0.17
4	Certification Fees	0.03
5	Travelling & Out of pocket Expenses:	
	Travelling Expenses	0.01
	Out of pocket expenses	0.01
	<b>Total</b>	<b>0.61</b>

## 7.10 Certificate for non-disqualification of Directors:

Certificate from a Company Secretary in practice that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is placed as Annexure -E3.

## 7.11 Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and (Redressal) Act, 2013 for FY2020-21:

Number of complaints filed during the year	Number of complaints disposed off during the year	No. Of complaints pending as on the end of the year
-	-	-

## 7.12 Details of Compliance with the requirements of DPE Corporate Governance Guidelines:

DPE has awarded 'Excellent' grading to IRCON for compliance of DPE Corporate Governance Guidelines during 2019-20.

IRCON has secured, based on self-evaluation, an annual score of '100 out of 100 which falls under 'Excellent' grade for compliance of DPE Corporate Governance Guidelines for FY2020-21.

## 7.13 Presidential Directives for the last three years:

Ministry of Railways conveyed its decision of disinvestment of its shareholding in the Company through Initial Public Offering. Accordingly, Government of India has disinvested 10.53% (99,05,157 equity shares) of paid-up share capital of the Company by way of Initial Public Offering and the Company was listed with BSE Ltd. and National Stock Exchange of India Ltd. on 28th September 2018.

Pursuant to SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and Ministry of Finance notification dated 03.08.2018, every listed

## CORPORATE GOVERNANCE REPORT

public sector Company which has public shareholding below 25%, shall increase its public shareholding to at least 25% within a period of three years, i.e., by August 2021 [For details, please refer at page no. 55 of Directors' Report]. Accordingly, Government of India divested 16% of paid up share capital of the Company (i.e. 7,52,41,260 equity shares) by way of Offer for Sale through stock exchange mechanism on 3rd March 2021 and 4th March 2021.

### 7.14 Items of expenditure debited in books of accounts, which are not for the purposes of the business.

During the year, there are no items of expenditure debited in books of accounts other than for the business purposes of the Company.

### 7.15 Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management

During the year, no expenses have been incurred by the Company which are personal in nature for the directors and top management except for the remuneration paid to directors which are as per Government approved pay and perks (details given in para 3.2.7 of this report and also disclosed in Note No. 33(b) forming part of the standalone financial statement).

### 7.16 Details of Administrative and Office expenses as a percentage of total expenses vis-à-vis financial expenses and reasons for the increase.

Other Expenses and Bank & Other Finance charges as a percentage of total expenses vis-a-vis financial expenses are given below:

(₹ in Crore)

Particulars	FY 2020 -21	FY 2019-20	Remarks
Other Expenses (Administrative)	42.71	41.88	
Bank & Other Finance Charges*	13.50	25.90	
Total Expenses	4626.29	4769.15	
Administration expenses/ Total expenses (in %)	0.92	0.88	
Bank & Financial Charges/ Total expenses (in %)	0.29	0.54	

\*Excluding interest on the unwinding of financial instruments, amortisation of financial instruments and unwinding of discount on provisions.

**7.17** The Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses(b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations 2015 have been made except as disclosed in the Secretarial Audit Report or in this Report.

**7.18** Disclosure with respect to Demat Suspense Account/ Unclaimed suspense account

During FY2020-21, the Company does not have any shares in the Demat suspense account or unclaimed suspense account.

### 7.19 Unclaimed Dividend

No amount is due for transfer to Investors Education and Protection Fund (IEPF). Further, the details of unclaimed dividend as on 31st March 2021 are available on the website of the Company at the link: Investor Relations>> Notices and Other Announcements>> Dividend.

### 7.20 Acceptances of recommendation of the Committees

The recommendations of the Committees of the Board have been considered by the Board while deciding on the matters.

## 8. AUDIT QUALIFICATIONS

For Audit Qualifications, the Independent Auditor's Report submitted by M/s HDSG & Associates, Chartered Accountants on the financial statements for the year ending 31st March 2021 may be referred to. The Auditors Report is unmodified.

## 9. DISCRETIONARY REQUIREMENTS:

**9.1 The Board:** The Company is headed by an Executive Chairman.

**9.2 Shareholders' Rights:** The financial results for the half-year ended 30th September 2020 were published in Financial Express (English), Indian Express (English) and Jansatta (Hindi) on 12th November 2020 and were also put on the Website of the Company. Separate half-year report has, however, not been sent to each household of Shareholders. Significant events have been intimated to Stock Exchanges and have also been disclosed on the Company website.

**9.3 Reporting of Internal Auditor:** The Internal Auditors directly report to the Audit Committee.

## 10. COMPLIANCE CERTIFICATE BY CEO/CFO CERTIFICATION

As per Regulation 17 (8) of the SEBI (LODR) Regulations, 2015 the compliance certificate duly

# CORPORATE GOVERNANCE REPORT

signed by the Chairman and Managing Director and Director (Finance) was placed before the Board of Directors at its meeting held on 30.06.2021 and the same is placed as Annexure- E4 to this Report.

## 11. COMPLIANCE

This Report duly complies with the legal requirements in respect of data that should be disclosed in a Corporate Governance Report for FY2020-21.

Certificate obtained from a Practising Company Secretary regarding the compliance of the conditions

of Corporate Governance is placed as Annexure-E5 to this Report.

**For and on behalf of the Board of Director**

sd/-

**(M. K. Singh)**

Chairman & Managing Director  
CEO and Director Finance  
(DIN: 06607392)

Date: 24.08.2021

Place: New Delhi

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**Annexure -E1**

## **DECLARATION BY CHAIRMAN & MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOD MEMBERS AND SENIOR MANAGEMENT DURING THE FINANCIAL YEAR 2020-21.**

I, Mukesh Kumar Singh, Chairman & Managing Director (L/A), Ircon International Limited, do hereby declare that all the members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Conduct and Key Values of the Company during FY2020-21.

Sd/-

**(M. K. Singh)**

Chairman & Managing Director  
CEO and Director Finance  
(DIN: 06607392)

Place : New Delhi

Date : 08.06.2021

**FORM NO. MR-3****SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2020-21**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**IRCON VADODARA KIM EXPRESSWAY LIMITED**  
CIN : U74999DL2018GOI334028  
C-4, District Centre, Saket, South Delhi, Delhi-110017, India

I, Shobhit Vasisht, Proprietor of Vasisht & Associates, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IRCON VADODARA KIM EXPRESSWAY LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on the verification of the Company's 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, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on March 31, 2021 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(Not Applicable to the Company)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; ; **(Not Applicable to the Company)**
- (iv) The Foreign Exchange Management Act, 1999 and the rules made thereunder; ; **(Not Applicable to the Company)**
- (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, 2015; **(Not Applicable to the Company)**
  - (c) The Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; **(Not Applicable to the Company)**
  - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company)**
  - (e) The Securities and exchange board of India (Share Based Employee Benefits) Regulations, 2014; **(Not Applicable to the Company)**
  - (f) The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008; **(Not Applicable to the Company)**
  - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and amendments thereof regarding the Companies Act and dealing with client; **(Not Applicable to the Company)**
  - (h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; **(Not Applicable to the Company)**
  - (i) The Securities and Exchange Board of India (Buy back of securities) Regulations, 2018; **(Not Applicable to the Company)**
- (vi) I 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 it :

- a. Building and other construction workers (Regulation of Employment and conditions of service) Central Rules, 1998;
- b. Building and other Construction Workers Welfare Cess Act, 1996;
- c. Environmental Laws, as applicable;
- d. Other applicable laws including labour laws like Provident Fund, ESI/EPF, Payment of Gratuity Act etc. for the period under review.

I have also examined compliance with the applicable provisions of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises vide their OM No. 18(8)/2005-GM dated 14th May, 2010.

(However, it is understood that as the Company is constituted as Special Purpose Vehicle (SPV) got an exemption for appointment of independent directors, submitting Quarterly report and other Compliances of Corporate Governance Guidelines issued by Department of Public Enterprises (DPE), vide its O.M. dated July 11, 2019 and July 8, 2014.)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Standards and Guidelines etc. mentioned above except to the extent as mentioned below;

**As required under Section 149 (1) of the Companies Act, 2013 read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, the Company has not appointed Women Director for the Financial Year 2020-21.**

*Note: The Company has not filed E-Form MGT-14 for the appointment of Internal Auditor for the Financial Year 2019-20. However as on date, such default has been made good by the Company as the Company has made an application to Central Government for Condonation for Delay by filing E-Form CG-1 and has also filed the copy of order received from CG to ROC for the said purpose.*

**I further report that:**

Subject to the aforementioned compliance under Section 149 of the Companies Act, 2013 for the appointment of Women Director, the Board of Directors of the Company has been duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. However, the Board of Directors of the Company being a Special Purpose Vehicle (SPV) and wholly-owned subsidiary company is appointed by the holding company ("IRCON International Limited") as per Articles of Association of the company. 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.

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.

Dissenting members' views were not required to be captured and recorded as part of the minutes as there were no such instance.

As per the explanations given to me and the representations made by the Management and relied upon by me, 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.

During the period under review, as explained and represented by the management, there were no specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., having a major bearing on the Company's affairs.

**For VASISHT & ASSOCIATES;**  
(Company Secretaries)  
Sd/

**CS SHOBHIT VASISHT**

**UDIN: A045412C000426727**

**Peer Review No : 844/2020**

**Membership No: 45412**

**C P No: 21476**

**UDIN : A045412C000426727**

**Date:** June 7, 2021

**Place:** New Delhi

**Note:** This report is to be read with the letter of even date which is annexed as Annexure A and forms an integral part of this report.



To,  
The Members,  
**IRCON VADODARA KIM EXPRESSWAY LIMITED**  
CIN: U74999DL2018GOI334028  
C-4, District Centre, Saket, South Delhi, Delhi-110017, India

This 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. My responsibility is to express an opinion on these secretarial records based on the audit.
2. I 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. I believe that the processes and practices, i followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. 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.
5. 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.

**For VASISHT & ASSOCIATES;**  
(Company Secretaries)

Sd/

**CS SHOBHIT VASISHT**

**UDIN: A045412C000426727**

**Peer Review No : 844/2020**

**Membership No: 45412**

**C P No: 21476**

Date: June 7, 2021

Place: New Delhi

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## **MANAGEMENT REPLY TO THE OBSERVATION IN THE SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED MARCH 31, 2021 OF IRCON VADODARA KIM EXPRESSWAY LIMITED**

### **1. Secretarial audit observation**

The Company has not appointed Women Director under Section 149 (1) of the Companies Act, 2013 read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014.

### **2. Management Reply:**

IrconVKEL is a wholly owned subsidiary of IRCON and as per Article 54 of Articles of Association of IrconVKEL, IRCON has the power to appoint Directors on the Board of the Company. Request for appointment of woman director on the Board of the Company has already been made to IRCON. The compliance has been made with effect from 13.05.2021 as IRCON has appointed a woman director on the Board of IrconVKEL.

**For VASISHT & ASSOCIATES;**  
(Company Secretaries)

Sd/

**CS SHOBHIT VASISHT**

**UDIN: A045412C000426727**

**Peer Review No : 844/2020**

**Membership No: 45412**

**C P No: 21476**

Date: June 7, 2021

Place: New Delhi

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

**To,  
The Members of  
Ircan International limited**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of IRCON INTERNATIONAL LIMITED having CIN L45203DL1976GOI008171 and having registered office at PLOT No. C - 4, DISTRICT CENTRE, SAKET, NEW DELHI- 110017 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below during the Financial Year 31st March 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company	Date of Cessation
1	Shri Sunil Kumar Chaudhary	00515672	29/10/2016	-
2	Shri Mukesh Kumar Singh	06607392	01/05/2016	-
3	Shri Yogesh Kumar Misra	07654014	28/12/2018	-
4	Shri Shyam Lal Gupta	07598920	01/11/2019	-
5	Shri Dhananjaya Singh	08955500	10/11/2020	-
6	Dr Balasatya Venkataramana Chitta	03179171	28/09/2017	19/09/2020
7	Shri Narinder Singh Raina	07968391	17/10/2017	19/09/2020
8	Shri Ashok Kumar Ganju	07014589	08/03/2018	07/03/2021
9	Shri Hari Mohan Gupta	08453476	15/05/2019	12/10/2020
10	Shri Sudheer Kumar	01429832	12/05/2020	30/06/2020
11	Shri Ashutosh Gangal	07057313	27/08/2020	27/10/2020

Ensuring the eligibility of the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Kumar Naresh Sinha & Associates**  
(Company Secretaries)

Sd/- (digitally)

**CS Naresh Kumar Sinha**  
(Proprietor)

**FCS: 1807; C P No.: 14984**

**UDIN: F001807C000460892**

## CEO & CFO CERTIFICATION

To,  
The Board of Directors,  
**Ircon International Limited,**  
C-4, District Centre, Saket,  
New Delhi- 110017

**Sub:** Compliance Certificate for the year ended on 31.03.2021

We have reviewed the Financial Statements and the Cash Flow Statement for FY2020-21 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 statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- (iii) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which is fraudulent, illegal, or violative of the Company's code of conduct;
- (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 auditors and the Audit Committee deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
- (v) We have indicated to Auditors and the Audit Committee:
  - i) changes in internal control over financial reporting during the year;
  - ii) changes in Accounting Policies 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 the involvement of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

**(M. K. Singh)**

Chairman & Managing Director  
CEO and Director Finance  
(DIN: 06607392)

Place : New Delhi  
Date : 29.06.2021

**CERTIFICATE ON COMPLIANCE OF CONDITIONS OF  
CORPORATE GOVERNANCE FOR THE FY2020-21**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**Ircon International limited**

1. We have examined the compliance of conditions of Corporate Governance by Ircon International Limited ("the Company"), for the year ended on 31st March 2021, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and as stipulated in the guidelines of Department of Public Enterprises (DPE) on Corporate Governance for Central Public Sector Undertakings issued in May 2010.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations and DPE guidelines on Corporate Governance.
3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the Listing Regulations and DPE guidelines on Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations and DPE guidelines on Corporate Governance during the year ended 31st March 2021 subject to the following:

**The Company did not have:**

1. Requisite number of Independent Directors on its Board as required under Regulation 17 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para 3.1.4 of DPE Guidelines on Corporate Governance with regard to Composition of the Board of Directors.
2. Woman Director on its Board as required under Section 149(1) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17(1) of SEBI (LODR) Regulations, 2015.
3. Composition of Audit Committee as required under Regulation 18 and composition of Nomination and Remuneration Committee as required under Regulation 19 for the quarters ended 30th September, 2020 (20-09-2020 to 30-09-2020), 31st December 2020 and 31st March 2021 and;
4. Composition of Stakeholders Relationship Committee as required under Regulation 20 for the quarters ended 31st March, 2021 (08-03-2021 to 31-03-2021).
5. at least one meeting of Independent Directors as required under Regulation 25(3) of the SEBI (LODR) Regulations, 2015 during the year ended 31<sup>st</sup> March, 2021.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
6. In view of the situation emerging out of COVID-19 Pandemic, we could not examine physical documents, records & other papers etc. of the Company for the year ended 31<sup>st</sup> March, 2021 and the documents/information required by us were provided through electronic Mode.

For Kumar Naresh Sinha & Associates  
(Company Secretaries)

Sd/- (digitally)

**CS Naresh Kumar Sinha**  
(Proprietor)

FCS: 1807, CP No.: 14984

PR: 610/2019

UDIN: F001807C000592386

# BUSINESS RESPONSIBILITY REPORT (BRR)

## INTRODUCTION

The Business Responsibility Report FY 2020-21 of Ircan International Limited (IRCON) adheres to the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business, as advised by the Ministry of Corporate Affairs (MCA), Government of India.

IRCON follows the highest standards of corporate governance principles and best practices by adopting the Corporate Governance Policies and Code of Conduct. These policies recommend a set of systems and processes driven by the fundamental principles of transparency, accountability, compliances, disclosure, ethical conduct and the responsibility to encourage the interests of all stakeholder. The policies and the Code are assessed periodically to ensure their relevance, effectiveness and responsiveness to the requirements of our stakeholder.

Our Business Responsibility Report comprises our responses to questions on our practices and performance on principles defined by Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, covering topics across governance, environment, and stakeholder relationships.

## THE PRINCIPLES AS PER NVG AND SEBI REGULATIONS

The NVG Principles, released by the Ministry of Corporate Affairs, are developed on India's socio-economic context and priorities as well as global best practices. The NVGs comprise the following nine interrelated and interconnected Principles and their attendant core elements and represent a holistic approach to business responsibility:

	<b>P1: Ethics, Transparency and Accountability</b> Businesses should conduct and govern themselves with ethics, transparency and accountability
	<b>P2: Product Life Cycle Sustainability</b> Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
	<b>P3: Employees' Well-Being</b> Businesses should promote the well-being of all employees
	<b>P4: Stakeholder Engagement</b> Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
	<b>P5: Human Rights</b> Businesses should respect and promote human rights
	<b>P6: Environment</b> Businesses should respect, protect, and make efforts to restore the environment
	<b>P7: Policy Advocacy</b> Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
	<b>P8: Inclusive Growth</b> Businesses should support inclusive growth and equitable development
	<b>P9: Customer Value</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner

# BUSINESS RESPONSIBILITY REPORT

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	<b>Corporate Identity Number (CIN) of the Company</b>	L45203DL1976GOI008171
2.	<b>Name of the Company</b>	Ircon International Limited (IRCON)
3.	<b>Registered address</b>	C-4, District Centre, Saket, New Delhi- 110017
4.	<b>Website</b>	www.ircon.org
5.	<b>E-mail id</b>	cosecy@ircon.org
6.	<b>Financial Year reported</b>	2020-21
7.	<b>Sector(s) that the Company is engaged in (Industrial activity code-wise)</b>	Construction of Roads and Railways (NIC Code - 4210)
8.	<b>List three key products/services that the Company manufactures/provides (as in balance sheet)</b>	IRCON is an integrated Indian engineering and construction Company and specialises in infrastructure projects. Primary services that the Company offers in relation thereto are as follows: (a) Railways, Highways, Tunneling & Bridges (b) Electrical & Mechanical (c) Signalling & Telecom (S&T) (d) Workshop and other buildings
9.	<b>Total number of locations where business activity is undertaken by the Company:</b> <b>(a) Number of International Locations (Provide details of major 5)</b> <b>(b) Number of National Locations</b>	(a) Number of International Locations: IRCON is having five major overseas offices (i.e. Sri Lanka, Bangladesh, Malaysia, South Africa, and Algeria) from where business activities are undertaken. (b) Number of National Locations: IRCON is headquartered at Saket, New Delhi, India and has forty-three project offices including four regional offices to support and manage business operations throughout India.
10.	<b>Markets served by the Company - Local/State/National/International</b>	IRCON serves Local / State / National and International markets

## SECTION B: FINANCIAL DETAILS OF THE COMPANY (2020-21)

1.	<b>Paid up Capital</b>	₹94.05 crore
2.	<b>Total Turnover</b>	₹ 5,200.31 crore
3.	<b>Total Profit after taxes</b>	₹ 404.56 crore
4.	<b>Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)</b>	2.57% (₹10.42 crore total spending on CSR)
5.	<b>List of activities in which expenditure in 4 above has been incurred</b>	Refer "CSR and Sustainability Report" annexed to the Annual Report

## SECTION C: OTHER DETAILS

### 1. Does the Company have any Subsidiary Company/ Companies?

Yes. As on 31st March 2021, IRCON has six subsidiary companies viz.,

- (i) Ircon Infrastructure & Services Limited (IrconISL)
- (ii) Ircon PB Tollway Limited (IrconPBTL)
- (iii) Ircon Shivpuri Guna Tollway Limited (IrconSGTL)
- (iv) Ircon Davanagere Haveri Highway Limited (IrconDHHL)
- (v) Ircon Vadodara Kim Expressway Limited (IrconVKEL)
- (vi) Ircon Gurgaon Rewari Highway Limited (IrconGRHL)

## BUSINESS RESPONSIBILITY REPORT

### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Out of the six subsidiary companies, five companies viz. IrconPBTL, IrconSGTL, IrconDHHL IrconVKEL, and IrconGRHL are Special Purpose Vehicles which are formed to undertake the projects as specified by NHAI. Hence, these SPVs indirectly participate in the BR initiatives of IRCON. One subsidiary company viz. IrconISL is a Central Public Sector Enterprise (CPSE) and is required to adhere to the guidelines as issued by the Government of India from time to time.

### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

In most of the cases, BR initiatives are carried out by IRCON directly. All the stakeholders who have formal business arrangements with the Company including the Government, our customers, our suppliers, our contractors and others are indirectly participating in the BR initiatives. However, it is difficult to establish the extent to which their support facilitates the Company's BR initiatives.

## SECTION D : BUSINESS RESPONSIBILITY (BR) INFORMATION

### 1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

NO.	PARTICULARS	DETAILS
1.	DIN Number	07654014
2.	Name	Shri Yogesh Kumar Misra
3.	Designation	Director (Works)

(b) Details of the BR Head

NO.	PARTICULARS	DETAILS
1.	DIN Number (if applicable)	NA
2.	Name	Dr. Subhash Chand
3.	Designation	Executive Director (Electricals)
4.	Telephone Number	011-26530245
5.	E-mail ID	subhash.chand@ircon.org

### 2. Governance related to BR

#### (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year

Various principles of the BR performance are integral to the day-to-day operations of the Company and the same are reviewed by the Board/Board level Committee(s) as an essential item of business concerned. During the year 2020-21, board-level committee for CSR met 1 time, for assessment and review of CSR activities in IRCON while the Board of Directors met 8 times.

#### (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

IRCON is listed w.e.f. 28th September 2018 and based on the market capitalisation since 31st March 2019, the Company is among the top 500 listed companies. Therefore, the Company publishes the BRR report annually as a part of the Annual Report. The BR Report for the year 2020-21 shall be uploaded as a part of the Annual Report on the website of the Company and shall be available at the following link:

[http://www.ircon.org/index.php?option=com\\_content&view=article&id=56&Itemid=430&lang=en](http://www.ircon.org/index.php?option=com_content&view=article&id=56&Itemid=430&lang=en)

The Sustainability Reports of the Company are generally published annually and are available at [http://www.ircon.org/index.php?option=com\\_content&view=article&id=52&Itemid=424&lang=en](http://www.ircon.org/index.php?option=com_content&view=article&id=52&Itemid=424&lang=en)

# BUSINESS RESPONSIBILITY REPORT

## DETAILS OF COMPLIANCE AS PER PRINCIPLES BY NVGs (REPLY IN Y/N)

NO.	QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
		All the policies of the Company have been formulated conforming to applicable statutes/guidelines/rules/policies etc. issued by the Government of India. These policies are formulated, keeping in view industry practices and standards.								
4.	Has the Board approved the policy? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
		Policies of the Company have been approved by the Board/ Competent Authorities as per Board Delegated Powers.								
5.	Does the Company have a specified committee of the Board/Director/ Official to oversee the implementation of the policy	Y	Y	Y	Y	Y	Y	-	Y	Y
6.	Indicate the link to be viewed online	The Policies of the Company are available on the website of the Company at the below-mentioned link: <a href="http://www.ircon.org/index.php?option=com_content&amp;view=article&amp;id=212&amp;Itemid=606&amp;lang=en">http://www.ircon.org/index.php?option=com_content&amp;view=article&amp;id=212&amp;Itemid=606&amp;lang=en</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8.	Does the Company have an in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10.	Has the Company carried out an independent audit/ evaluation of the working of this policy by an internal and external agency?	Policies have been amended from time to time as per regulatory/ business/ environmental requirements though independent audit/ evaluation on working of policies is not done by an internal or external agency.								

**If the answer to the question at serial number 1 against any principle is 'No', please explain why.**

118 In respect of Principle 7 referring to Policy Advocacy, the Company does not have any specific policy on this subject as the same does not apply to the Company.



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## SECTION E: PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

**1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?**

IRCON, being a listed Public Sector Enterprise, conducts and governs itself with the Ethics, Transparency and Accountability policies mandated under SEBI Regulations, the Companies Act, Department of Public Enterprises (DPE) Guidelines, and other policies of the Government of India as applicable from time to time. The Company has a well-structured vigilance department that ensures transparency, efficiency and integrity and best corporate practices in the working of the organisation. The Company also has a Whistle-blower Policy meant for employees to raise any ethical issues within the organisation. Fraud Prevention and Detection Policy is in place for any fraud or suspected fraud involving employees of IRCON as well as representatives of vendors, suppliers, contractors, consultants, service providers or any outside agency/agencies doing any type of business with IRCON.

Additionally, the Company has adopted a Code of Conduct for all the Board Members and Senior Management and Whole-time Directors.

All these policies cover the Company and its employees and directly/indirectly extend to its subsidiary companies. The Joint Venture Companies have their own set of principles and procedures, broadly in line with the Government's policies.

**2. How many stakeholder complaints have been received in the past financial year, and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so?**

As per the requirements of SEBI (LODR) Regulations, 2015 and provisions of Section 178 of the Companies Act, 2013, the Company has a Stakeholder Relationship Committee specifically to look into various aspects of interest of the shareholders. As reported by KFin Technologies Private Limited, the Registrar & Transfer Agent (RTA) of the Company, 141 grievances were received from the shareholders during the year 2020-21, 12 grievances were pending

as on 31st March 2021, though replied during the month of April 2021.

Besides, a total of 35 public grievance/ complaints were received during the year 2020-21 from the general public under Centralized Public Grievance Redressal and Monitoring Scheme during the year 2020-21 and 08 are pending as on 31st March 2021.

During the year 2020-21, the vigilance department has received a total of 15 complaints. Out of these 11 complaints were disposed and 04 are pending as on 31st March 2021.

No cases of whistle-blower and sexual harassment were reported during the year.

During the year 2020-21, 08 cases were filed by the MSEs at MSME SAMADHAN- Delayed Payment Monitoring System, out of these 04 cases are pending as on 31st March 2021.

### PRINCIPLE 2: BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE THROUGHOUT THEIR LIFE CYCLE

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

IRCON is a leading infrastructure company that undertakes projects mainly pertaining to the development of social infrastructure such as roads, highways and railways amongst others. These projects are designed as per the specifications of the clients and IRCON has little choice to include sustainability features in the projects. However, the Company endeavours to participate in such activities when the projects are being designed on its own terms.

The major services that have addressed social or environmental concerns and opportunities are as follows:

- (a) For major environment protection initiative, phasing out of Diesel Traction with Electric Traction has been carried out for 338 Route Kilometres in Mathura – Kasganj – Kalyanpur Section of Izzat Nagar Division in North Eastern Railway and for 248 Route Kilometres of Katni – Singrauli Section in Jabalpur Division of West Central Railway. For energy management, capacitor banks have been provided in Traction sub-stations and Supervisory Control and Data Acquisition System (SCADA) have also been installed.
- (b) IRCON has commissioned an Electrified new line of 44 Km in the industrial and coal mine region

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of Chhattisgarh state. This railway Link is now catering to movement of coal rakes through Electric Locomotives and replaced movement of coal through large number of heavily loaded Diesel operation trucks. This has resulted in efficient and environment friendly transportation system in heavily polluted regions. It will also save carbon footprint and safeguard import dependency of oil.

- (c) The Company has been constructing Electric Loco shed at Rourkela with the energy efficient LED lights and Transparent sheets for Shed roof top to conserve electricity.
- (d) The Company has executed the work of providing Solar RO drinking water facility and Solar Panels in 13 schools class rooms in Prayagraj under CSR.
- (e) The Company has made a capital investment on energy conservation equipment viz. Solar photovoltaic power generation plant.
- (f) IRCON has commissioned one grid connected solar power plant of 110 KW at Sangaldan office building of Railway project in J&K state as a major Environmentally Friendly Green Energy initiative.
- (g) The Company continues to ensure Supervisory Control and Data Acquisition System (SCADA) for energy management that was made operational at Rail Coach Factory, Rae Bareli. The Company continues to construct with the latest energy-efficient and environment friendly guidelines, which include LED lights, rainwater harvesting, solar panel amongst others. LED Lights, sensor lights and sensor taps are being used at the corporate office to conserve electricity and water. Wastewater is recycled at Corporate Office through Sewage Treatment Plant (STP), and the same is used for horticulture work.

Furthermore, all the Indian and International projects carried out by Company comply with the Statutory Laws and conforms to the National and International Standards on safety and sustainability.

## 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) **Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?**
- (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

During the year 2020-21, the Company has

not measured its usage of water, energy and raw material on all projects being executed in India. This is because IRCON is in the business of providing services and it does not produce any products. However, the Company is actively engaged in providing services at its project sites to propagate the saving in the use of natural resources and energy-saving alternatives.

## 3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

- (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

As a Government Company, IRCON is required to comply with the requirements of procurement of resources through Micro and Small Enterprises (MSEs). The Company has a comprehensive Purchase Preference Policy, which is in line with Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 notified by the Ministry of Micro Small and Medium Enterprises (MSME) under section 11 of Micro Small and Medium Enterprises Development Act, 2006. The e-procurement portal, that is, Central Public Procurement Portal (<https://etenders.gov.in/eprocure/app>) provides for the facilitation of registration of MSEs and participation in e-tender by availing the benefits of exemption from payment of the cost of tender fee and earnest money.

During the financial year 2020-21, the Company has procured items valuing ₹ 380.15 crore from MSEs vendor against the expenditure valuing ₹ 163.08 crore towards materials and stores, out of which, value of items beyond scope and capacity of MSE Vendors amounts to ₹ 84.30 crore. Therefore, your Company has achieved 55% of net procurement valuing ₹ 295.85 crore from MSEs after excluding the value of items beyond the scope and capacity of MSEs in compliance to Procurement Policy during the Financial Year 2020-21.

The Company pursues its business activities safely and sustainably. All work practices, procedures and production endeavours to comply with the standards of Safety, Health, and Environment as per industry norms, Government and relevant statutory bodies. It is also an ISO certified Company for Quality Management System for the organisation (since 1996), Environment Management System (since

## BUSINESS RESPONSIBILITY REPORT

2011), and Occupational Health and Safety Management System (certified since 2012). The Company has now switched over to new standard of Occupational Health and Safety Management System, that is, ISO 45001:2018.

At present, the Company does not have a process in place to measure this particular parameter in percentage.

**4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work?**

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, being a CPSE, the Company's procurement policy and practices are guided by the Government policies and practices, including CVC Guidelines. These are based on transparent procurement mechanism, which also promotes procurement from local and small producers and suppliers.

IRCON is procuring goods and services as per Public Procurement Policy, 2012 from MSEs. Accordingly, purchase preference is given to those small producers quoting their price within the price band as prescribed by the Company. The Company has also adopted fair, equitable and transparent tendering procedures to encourage Indian bidders and suppliers. Furthermore, Vendor Development Programme for MSEs is also organised by the Company to bring more awareness among MSEs and increase their participation. Despite the COVID-19 pandemic situation, during the year 2020-21, on 6th January 2021 the Company has conducted a Special Vendor development Programme at the Corporate Office for MSEs including SC/ ST entrepreneurs to increase more awareness and increase procurement of goods and services from MSEs. In addition to this, as per the notification of Ministry of Commerce and Industry (Department of Policy and Promotion), the Company has relaxed norms from criteria of prior experience and turnover in public procurement for start-ups.

IRCON does infrastructure projects in foreign countries as well. Although, the scope of procurement in these projects is limited, the Company sources 65%-75% of goods and

services from Indian companies in projects funded by the GOI.

For procurement of goods and services, open tenders are generally invited. To improve the capacity and capability of local and small vendors, specific steps are being taken by IRCON. Discounts and benefits to the local and small vendors are offered to reduce the transaction cost of doing business. MSEs are provided with free of charge tender sets, exemption from the payment of earnest money, and adopting e-procurement to bring transparency, amongst others. Furthermore, the Company has boarded on the TReDS platform w.e.f. 25th January 2018 to facilitate financing of trade receivables of MSEs by discounting of their receivables and realization of their payment before due date.

A 'Quality Policy' has been adopted to achieve and sustain excellence in the construction business through an effective Quality Management System and to achieve customer satisfaction by delivering projects within the scheduled time at economical cost and with highest quality.

In addition to this, the Company has taken necessary steps implementing the above policies and its continued pursuit in this direction has improved participation of small and local players, and socio-economic development of communities in and around its operational locations.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.**

IRCON is a specialised construction organisation covering the entire spectrum of construction activities and services in the infrastructure sector. It does not have any manufacturing unit. However, certain practices for recycling of the waste are being followed in Company-owned properties as well as in some projects. Waste-water recycling is also being promoted through the construction of Sewage Treatment Plants (STP) at Corporate Office (Delhi), offices at NOIDA & Gurugram, and MFC buildings. LED lights, sensor lights and sensor taps are being used in the Corporate Office, the state-of-the-art building constructed and other offices being constructed by IRCON to conserve electricity and water.

# BUSINESS RESPONSIBILITY REPORT

## PRINCIPLE 3: BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES (DETAILS AS ON 31.03.2021)

### 1. Please indicate the total number of employees.

Total number of employees as on 31st March 2021 – 1298

### 2. Please indicate the total number of employees hired on temporary/ contractual/ casual basis.

During the year 2020–21, IRCON hired 89 employees on contractual basis (including service contract). The Company does not hire employees on temporary or casual basis. However, the Company awards jobs and works contracts to contractors at its various projects as per requirement of the project or work. The number of workers with contractors varies from time to time.

### 3. Please indicate the number of permanent women employees.

Number of permanent women employees as on 31st March 2021 – 62

### 4. Please indicate the number of permanent employees with disabilities.

Number of permanent employees with disabilities as on 31st March 2021 – 7

### 5. Do you have an employee association that is recognised by the management?

The management recognises no employee association.

### 6. What percentage of your permanent employees are members of this recognised employee association?

Not Applicable.

### 7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on the end of the financial year
1.	Child labour/ forced labour/ involuntary labour	–	–
2.	Sexual harassment	–	–
3.	Discriminatory Employment	–	–

### 8. What percentage of your under mentioned employees were given safety and skill upgradation training in the last year?

The Company has adopted a detailed annual plan for training of all level of employees (Corporate and project site). Additionally, training on specific knowledge areas for relevant discipline are also arranged as per the requirement.

Due to social distancing and safety measures being taken amid COVID -19 pandemic, only virtual trainings were organized during the year 2020–21. Details of the trainings on safety and skill upgradation given during the last year is as follows:

**Permanent Employees : 60%**

**Permanent Women Employees : 35.5%**

**Casual/Temporary/Contractual Employees : Nil**

**Employees with Disabilities : 71%**

## PRINCIPLE 4 : BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

### 1. Has the Company mapped its internal and external stakeholders? Yes/No.

Yes, the Company has identified 'Customers', 'Employees', 'Shareholders', 'Vendors/ Contractors' and 'Society' as its stakeholders and it understands the distinct requirement of its various stakeholders.

### 2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?

The Company has identified PWD, SC, ST, OBC, Women, Start-ups, amongst others as disadvantaged, vulnerable and marginalised stakeholders and their concerns are addressed as per the government policies as applicable from time to time.

The Company regularly organises vendor meets for encouraging participation of MSE vendors, including MSE vendors owned by SC/ ST and women entrepreneurs. The Company has achieved the procurement target in terms of Public Procurement Policy, Order 2012. It has established a policy for Public Procurement from 'Startup' under the 'Startup India' initiative of the Government of India for creating a conducive environment for startups in India. While developing the infrastructure projects, the Company ensures that the structures are friendly for the physically disabled persons.

The Company has a well-structured Corporate Social Responsibility and Sustainability policy (CSR Policy) covering sustainability needs for various stakeholders. It covers empowerment of

## BUSINESS RESPONSIBILITY REPORT

communities, inclusive socio-economic growth, environment protection, promotion of green and energy-efficient technologies. Additionally, it also looks after the development of backward regions and upliftment of the marginalised sections of the society, which comprise of SCs, STs, OBCs, minorities, BPL families, old and infirm, women/ girl child, physically challenged amongst others.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

IRCON has always been sensitive to the needs of disadvantaged, vulnerable and marginalised stakeholders. As per recruitment rules, the Company ensures reservation of posts for SC, ST, OBCs, ex-serviceman and physically disabled persons in accordance with the instructions issued by the Government of India from time to time.

The Company has adopted a CSR Policy that also aims to develop disadvantaged and marginalised sections of society. It has taken certain initiatives such as promoting education including computer literacy through mobile computer labs and mini-science centre etc., supporting elderly for basic amenities residing in old age homes, imparting skill development training programs, promoting the employment of rural women through Self Help Groups (SHGs) and installing sanitary napkins disposal machines and introducing employment-oriented training and skill development programs for unemployed youth/SC/ST/OBC women and Economically Weaker Sections (EWS) of the society, amongst others.

The Company is procuring goods and services as per Public Procurement Policy, 2012 from MSE and it also conducts Vendor Development Programme, including local vendors, to bring more awareness among MSE and to increase their participation.

Furthermore, the Company has Policy for Prevention, Prohibition and Redressal of Sexual Harassment at the workplace for providing a congenial and safe working atmosphere to women employees.

### PRINCIPLE 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

IRCON's HR Policies are aligned with the standard practice of business and human rights and are

mandated for all employees posted at various stations, projects, offices, JVs and Subsidiaries of the Company. The Human Rights provisions are also built-in our bidding documents for contracts/works invited on a competitive bidding basis covering our suppliers and contractors.

**2. How many stakeholder complaints have been received in the past financial year, and what percentage was satisfactorily resolved by the management?**

No complaint was received regarding violation of human rights during the year 2020-21.

### PRINCIPLE 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.**

The Company has a CSR and Sustainability Policy to act in a socially, economically and environmentally sustainable manner at all times. It also has an Environmental Manual Occupational Health and Safety Manual and well-defined Safety, Health and Environmental policy (SHE Policy) to ensure safety of personnel, operations and assets in all areas of activities. It aims to maintain a healthy and hygienic atmosphere.

The Company holds ISO: 14001 – 2015 and ISO: 45001 -2018 Certificates for Environment Management System and Occupational Health & Safety Management System, respectively.

The SHE policy of IRCON encompasses the Company, its subsidiaries in general and relative aspects pertaining to Vendors/ Suppliers/Contractors through General Contract Conditions (GCC).

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage.**

IRCON, as a responsible corporate, is committed to safeguard the environment by preventing pollution and conserving natural resources. The Company implements an Environmental Management System at its sites and offices. With global energy demand outgrowing production, there is an immediate need for adopting sustainable practices for energy efficiency, reduce the impact of climate change, preserve the quality of human life and meet government initiatives.

IRCON is providing the features similar to the 'Green

# BUSINESS RESPONSIBILITY REPORT

Buildings Constructions' at its Corporate & project Offices, thereby reducing the environmental impacts on water, materials, waste, energy and carbon emission while assuring the quality of life and comfort to the community.

Furthermore, environment-friendly equipment such as solar panels are being actively installed at various offices/projects. The wastewater is recycled at Corporate Office through Sewage Treatment Plant (STP) and refined water is used for horticulture work. STPs are also being constructed at offices at NOIDA, Gurugram, and MFC buildings. LED lights, sensor lights and sensor taps are being used in the Corporate Office to conserve electricity and water. Various environment-friendly steps such as the use of fly ash brick instead of clay brick, rainwater harvesting arrangements, sensor-controlled Chromium Plate (CP) fittings, use of the latest version of facade glass (glass in the building) to make the building sustainable, amongst others are being taken up across various offices/projects of the Company. The monitoring of water usage and waste water levels, ambient air quality and noise quality is also carried out at several construction sites. The Company emphasises providing a clean environment by initiating indoor air quality monitoring in the Corporate Office building. Additionally, tree plantation are also undertaken at the corporate, project and other office premises.

### 3. Does the Company identify and assess potential environmental risks? Y/N

Yes, the Company has a framework for Impact on Environment due to construction work and a document "Environment Impact Assessment due to construction activities" accessible to the employees provides for the assessment of ecological aspect for construction activities at its sites. The assessment evaluates the positive and negative impacts that the construction activities may have on the environment consisting of natural, social and economic aspects. It identifies the significant effect of construction activities on the environment. Thereafter, control measures are adopted by the Company to minimise the impact of any significant impact on the environment.

Furthermore, the Company ensures all mandatory clearances, including environment clearance from the Ministry of Environment, Forest and Climate Change before the commencement of any construction at project sites. For certain type of plants like Crusher Plant, Concrete Mix Plant, Hot Mix Plant etc. consent to establish and consent to operate are taken from the concerned authorities.

### 4. Does the Company have any project related to the Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

No

### 5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, amongst others? Y/N. If yes, please give hyperlink for web page.

IRCON is an ISO certificated organisation for QMS, EMS and OHSAS since 1996, 2011 and 2012, respectively. The Company is taking initiatives towards the clean environment by using solar energy, installation of sewage treatment plants, use of LED lights and use of sensor fitted lights in building corridors at the Corporate Project & other Offices.

### 6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. All legal parameters, including emission norms from any Internal Combustion Engine are kept under control, always. The emissions & waste generated by the Company is within permissible limits. Annual Environment Compliance reports are submitted by the respective work units to respective State Pollution Control Boards (SPCB). All the buildings/offices comply with environmental regulations. Procedures are in place for storage, handling and disposal of hazardous chemicals and wastes. The construction waste, electrical and e-waste are disposed scientifically and through a licensed recycler.

### 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on the end of Financial Year.

No show cause notice/ legal notice is received/ pending from any CPCB/ SPCB.

## PRINCIPLE 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

### 1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

Yes, the Company has an association with several trade chamber and associations such as:

- Standing Conference of Public Enterprise (SCOPE)
- Confederation of Indian Industry (CII)

## BUSINESS RESPONSIBILITY REPORT

- Indian Road Congress (IRC)
- Project Export Promotion Council of India (PEPC)
- PHD Chamber of Commerce and Industry (PHDCCI) [Patron Member]
- National Real Estate Development Council (NAREDCO)
- Institute of P. Way Engineers India (IPWAYEI)
- Asian (Urban) Institute of Transport Development (AITD)
- India Habitat Centre (IHC)
- Construction Industry Development Council (CIDC)
- Indian International Centre (ICC)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

The Company's interests are represented through inputs to government queries, knowledge sharing, response to surveys, feedback on industry needs, the formation of government policies such GST, Company Law, Industrial policy, Procurement Policy, amongst others. The Company also interacts with government bodies such as the Ministry of Railways, Department of Public Enterprises and NITI Aayog and participates in various policy formulation such as road map for the development of CPSEs, Make in India and Start-up India, amongst others. The Company responsibly provides its unbiased opinion at a relevant forum for the development of infrastructure in the country and in general, towards sustainable development and corporate social responsibility in the public interest.

**PRINCIPLE 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

**1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes, provide details thereof.**

The Company's affirmative policies, which comply with Government of India guidelines promote diversity, equity and recognise people on their merits and skill sets irrespective of their race, caste, religion, colour, ancestry, marital status, gender, age and nationality.

Furthermore, the Company also has a well-

structured CSR and Sustainability Policy (CSR Policy). In view of the same, the Company has various social development projects, which are aimed at promoting healthcare, providing sanitation and creating livelihood for the people especially those belonging to the disadvantaged sections of the society. CSR expenditure is incurred on the basis of Annual Theme mandated by DPE Guidelines, like for the financial year 2020-21 60% of CSR budget was to be spent on health and nutrition and as per IRCON's CSR policy, 75% of the budget is to be spend on the local areas of IRCON and 25% on non-local areas. The projects under the Annual Theme included activities like Empowering women through menstrual hygiene, amenities for old age, medical camp, artificial limbs, COVID-19 etc.

During the year 2020-21 to deal with COVID-19 pandemic, the maximum amount of the CSR Budget has been contributed to the PM CARES Fund. However, the list of projects undertaken during the year as CSR activities is enclosed in the CSR and sustainability Report annexed to Directors Report.

The Company has a limited choice as regard the location of its projects, being the contractor for execution of the projects of Government and other agencies. However, the Company strives for equitable development in procuring the projects as per its policy for MSEs.

**2. Are the programmes/projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organisation?**

There is a separate CSR Department for implementing the CSR Policy of the Company. In areas where the Company does not have in-house expertise, the services from the specialised agencies viz. NGOs, Institutes/ Academic Organisation, Government, Semi- government, autonomous organisations, contracted agencies for construction work, professional consultancy organisations, registered trust or society, subsidiary companies of IRCON, amongst others are being taken.

**3. Have you done any impact assessment of your initiative?**

IRCON conducts a third-party assessment every year for the completed CSR Initiatives.

**4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The details of contribution towards community development projects under CSR policy has been placed in the "CSR and Sustainability Report"

# BUSINESS RESPONSIBILITY REPORT

annexed to the Directors' Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Before undertaking any CSR activity, IRCON follows certain steps for confirming the sustainability and impact on its beneficiaries and society at large. This involves verification of the reliability and clean track record of the implementing agencies, project reach and objective in line with CSR Policy and requirement from Local administration of the project location, field verification and compliance check, sustainability factor, amongst others.

Apart from above, the CSR department and project offices have an in-house monitoring mechanism to ensure community engagement and adoption of its CSR projects which includes:

**Monitoring Mechanism :** Project level committees for CSR on each Project have been established for monitoring the projects in areas adjoining the project areas. The periodical progress reports, field visit reports, physical progress reports, community interaction reports, feedback reports from local administration and community, amongst others, of each CSR project are sent to the Nodal officer, who in turn compiles the reports and puts up the progress report to the CSR Committee/Board of Directors for review.

**Evaluation by Independent Agency:** Upon completion of the CSR projects, evaluations are conducted by an independent external agency for assessing the impact and success of the implementation.

**Reporting :** To create awareness among stakeholder, detailed status about the CSR Policy, CSR activities and regular updates are being placed on IRCON's website. From time to time, the implementation of the major activities is reported in media. In addition to this, a separate CSR Report is included in the Annual Report.

## PRINCIPLE 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

**1. What percentage of customer complaints/ consumer cases are pending as on the end of the financial year?**

Out of total business of IRCON, 99.71% is contributed from Railways and Highways. Most of projects/works

of IRCON in the domestic region are awarded by Ministry of Railways, National Highway Authority of India and other government authorities.

Regular meetings with the vendors/suppliers are being carried out at the Project Sites/ offices for speedy resolutions of their grievances/ issues faced by them in the execution of the Project.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

Not Applicable.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year. If so, provide details thereof, in about 50 words or so.**

No.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Most of the projects/works of IRCON in the domestic region are awarded by Ministry of Railways, National Highways Authority of India and other government authorities. This means that we are not directly linked to the individual customers.

The Company plays a pro-active part in dealing with its clients. During the execution of a project, regular and structured meetings along with progress review meetings are often held to take stock of problems and difficulties for immediate remedy or to avoid recurrence thereafter. Any shortcoming/ defect during execution is rectified and attended promptly. This approach has led to customers/ client satisfaction, which is often reflected in the form of repeat order.

During the year, the Company has not received any unsatisfactory report from any client/ consumer.

For and on behalf of the Board of Director

sd/-

(M. K. Singh)

Chairman & Managing Director  
CEO and Director Finance  
(DIN: 06607392)

Date: 24.08.2021

Place: New Delhi

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# ANNUAL REPORT ON CSR & SUSTAINABILITY

## 1. BRIEF OUTLINE ON CSR & SUSTAINABILITY POLICY OF THE COMPANY.

Corporate Social Responsibility (CSR) is a company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical concept whereby organizations serve the interests of society by taking responsibility for the impact of their activities, and it includes Sustainability. The CSR Policy is treated as CSR cum Sustainable Development Policy as CSR includes Sustainability matters as per Schedule VII of the Companies Act. This also fulfills the requirement of the Department of Public Enterprises (DPE) Guideline on CSR and Sustainability and is to be treated as CSR and Sustainability Policy (CSR Policy) in compliance with DPE Guidelines.

Ircon International Limited (IRCON) began as an altruistic activity where the company has initiated several socio-economic developmental programs in its areas of operation. IRCON has been leading the way in Corporate Social Responsibility (CSR) in India. Our CSR efforts have evolved from social obligation to peripheral development leading to a structured CSR program. IRCON's Corporate Social Responsibility and Sustainability interventions have been ongoing from many years. The Company's social vision is to conduct its CSR initiatives in sync with its policy of doing business in a socially responsible and sustainable manner.

The thrust of CSR is on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions, and upliftment of the marginalized and under-privileged, neglected and weaker sections of the society which comprise of SCs, STs, OBCs, minorities, BPL families, old and infirm, women/girl child, physically challenged etc.

The CSR Expenditure is incurred on the basis of the Annual Theme mandated by the DPE guidelines, like

for the financial year 2020-21 60% of the CSR Budget was to be spent on Health and Nutrition and as per IRCON CSR Policy, 75% of the budget is to be spent on the local areas of IRCON Projects and 25% on the non local areas.

As per the CSR Policy, CSR projects are selected in vicinity of the company's projects. Project officials do the interaction with local administrations / village representatives / gram panchayat for need assessment surveys and send the proposals for approval of CSR Committee. These proposals are examined in Corporate Office for approval of Board through CSR & Sustainability Committee. The CSR programs and practices at IRCON undergo a three tier scrutiny process i.e. from Need Assessment to ongoing program, monitoring and Evaluation & Impact Assessment of the project by an independent third party as per the provisions of Companies Act, 2013.

While allocating CSR activities/projects from the activities listed in Schedule VII of the Company Act 2013, priority is given to the issues which are of foremost concern in the national development agenda, like safe drinking water for all, provision of toilets especially for girls, health and sanitation, education etc.

Although the Construction company is looking after multi-year CSR projects, relief measures to fight COVID-19 were top priority this year, as was the case with most corporations. During the year 2020-21, IRCON contributed ₹ 15.50 crore to the PM CARES fund for relief measures against the pandemic.

Through its CSR initiatives, the company has made a positive impact on the lives of lakhs of people in the country.

## 2. COMPOSITION OF CSR COMMITTEE:

The Committee has been reconstituted as and when there has been a change in directors, during the year. The composition of CSR Committee during the year was as follows:

# Annual Report on CSR & Sustainability

From 01.04.2020 till 19.09.2020	From 20.09.2020 till 27.10.2020	From 28.10.2020 till 25.03.2021	From 26.03.2021 till 31.03.2021
<b>Chairperson</b>			
Shri Ashok Kr. Ganju Independent Director	Shri Ashok Kr. Ganju Independent Director	Shri Ashok Kr. Ganju Independent Director	Shri Mukesh Kumar Singh Director (Finance)
<b>Members</b>			
Dr. Narinder Singh Raina Independent Director	Shri Hari Mohan Gupta Part-time official Director	Shri Mukesh Kumar Singh Director (Finance)	Yogesh Kumar Misra Director (Works)
Shri Shyam Lal Gupta Director (Projects)	Shri Yogesh Kumar Misra Director (Works)	Yogesh Kumar Misra Director (Works)	Shyam Lal Gupta Director (Projects)

During FY2020-21, the Committee met one time on 24th August 2020. The attendance details of said meeting are:

Name of Member	Meeting Date	Total Meetings held during the tenure	No. of Meetings attended
	24.08.2020		
Shri Ashok Kumar Ganju Independent Director	✓	1	1
Dr Narinder Singh Raina Independent Director	✓	1	1
Shri Shyam Lal Gupta Director (Projects)	✓	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Web Link as Follows:-

a) CSRcommittee:	<a href="https://ircon.org/index.php?option=com_content&amp;view=article&amp;id=209&amp;Itemid=604&amp;lang=en">https://ircon.org/index.php?option=com_content&amp;view=article&amp;id=209&amp;Itemid=604&amp;lang=en</a>
b) CSR Policy:	<a href="https://ircon.org/images/file/cosecy/2019-20/CSR-Policy-Jan-2020-min.pdf">https://ircon.org/images/file/cosecy/2019-20/CSR-Policy-Jan-2020-min.pdf</a>
c) CSR projects:	<a href="https://ircon.org/images/file/cosecy/Q-3_CSR_Expenditure_Oct_2020-Dec_2020.pdf">https://ircon.org/images/file/cosecy/Q-3_CSR_Expenditure_Oct_2020-Dec_2020.pdf</a>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

**Not applicable for this financial year. Further, none of the CSR activities taken up during FY 2019-20 were ₹ 1 crore or above for which impact assessment is required.**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹ )	Amount required to be set-off for the financial year, if any (in ₹ )
1	2017-18	-	-
2	2018-19	-	-
3	2019-20	-	-
	<b>TOTAL</b>	-	-

6. Average net profit of the company as per section 135(5) : **₹ 513.29 Crore.**
7. (a) Two percent of average net profit of the company as per section 135(5): **₹ 10.26 Crore**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: **₹ 0.16 Crore**
- (c) Amount required to be set off for the financial year, if any: **Nil**
- (d) Total CSR obligation for the financial year (7a+7b- 7c): **₹ 10.42 Crore**
8. (a) CSR amount spent or unspent for the financial year:

(Amount ₹ in Crore)

Total Amount Spent for the Financial Year.	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
10.42	-	-	-	-	-

(Amount ₹ in Crore)

b. Details of CSR amount spent against ongoing projects for the financial year: <b>Details attached as Annexure – 1</b>	1.64
Details of CSR amount spent against other than ongoing projects for the financial year: <b>Details attached as Annexure – 2</b>	8.66
c. Amount spent in Administrative Overheads :	0.09
d. Amount spent on Impact Assessment, if applicable. :	0.03
e. Total amount spent for the Financial Year (8b+8c+8d+8e):	10.42

(f) Excess amount for set off, if any (Amount ₹ in Crore)

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	10.26
(ii)	Total amount spent for the Financial Year	10.42
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.16
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.16
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0

9. (a) Details of Unspent CSR amount for the preceding three financial years: (Amount ₹ in Crore)

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years.
				Name of the Fund	Amount	Date of transfer.	
1.	2017-18						
2.	2018-19			-			
3.	2019-20						
	<b>TOTAL</b>			-			

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):  
**₹ 1.64 Crore Details attached as Annexure 3**

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details)**:

Date of creation or acquisition of the capital asset(s) :	CSR Assets are created through CSR activities. However no CSR Asset are in the name of Company.
Amount of CSR spent for creation or acquisition of capital asset.	₹ 60.73 lakhs has been spent for creation or acquisition of capital asset.
Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Attached as Annexure -4
Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	Attached as Annexure -4

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5). : **Not Applicable**

Sd/-  
Shyam Lal Gupta  
Director (Projects) &  
Member, CSR & Sustainability  
Committee  
(DIN 07598920)

Sd/-  
Yogesh Kumar Misra  
Director (Works) &  
Member, CSR & Sustainability  
Committee  
(DIN 07654014)

Sd/-  
(Mukesh Kumar Singh)  
Chairman & Managing Director &  
Chairman, CSR & Sustainability  
Committee  
(DIN 06607392)

Date: 24.08.2021  
Place: New Delhi

**Details of CSR amount spent against ongoing projects for the FY.**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Location of the project.		Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In Lakhs).	Mode of Implementation Direct (Yes / No).	Mode of Implementing Agency		
			Local area (Yes/No).	State						District	Name	CSR Registration number.
1	Promoting Cleanliness through Waste- to-Energy for school kitchens in Adivasi communities by M/s LAYA in Vishakhapatnam (2 yrs)	Environment [S. No. (iv) of Sch VII]	Yes	Andhra Pradesh	Vishakhapatnam	2 Years	35.20	1.70	-	No	Through M/s LAYA	Not received yet
2	Environment sustainability through plantation in Reasi, J&K (5 yrs)	Environment [S. No. (iv) of Sch VII]	Yes	Jammu	Reasi	5 Years	43.70	1.42	-	Yes	Through Forest Deptt. Reasi	Not applicable
3	Provision of 50 hand pumps for development of the villages in Ghazipur	Drinking Water [S. No. (i) of Sch VII]	No	Uttar Pradesh	Ghazipur	1 year	21.80	2.18	-	No	Through Jal Nigam, Ghazipur	Not received yet
4	Promoting Sports through contribution for Infrastructure Development of Nurul Amin Stadium, Nowgong Sports Association in Nowgong, Assam	Sports S. No. (v) of Sch VII]	No	Assam	Nowgong	2 Years	77.00	19.25	-	No	Through M/s Nowgong Sports Association	Not received yet
5	Imparting Skill Development program to 60 underprivileged women by M/s Lakshyam (Vocational Training in stitching & tailoring for girls and women and developing market for the SHGs)	Skill Development S. No. (II) of Sch VII]	Yes	Madhya Pradesh	Shivpuri-Guna	1 year	12.66	2.50	-	No	Through M/s Lakshyam	Not received yet
6	Request for extension of ongoing Skill Development Centre at Khora, Ghaziabad District by M/s BSGSS	Skill Development S. No. (II) of Sch VII]	Yes	Uttar Pradesh	Ghaziabad - Khora	1 year	21.42	13.05	-	No	Through M/s Bisnoui Sarvodya Gram Sewa Sanstha	Not received yet

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In Lakhs).	Mode of Implementation (Yes / No).	Mode of Implementing Agency	
				State	District						Name	CSR Registration number.
7	Drinking water facility for local people of Kalimpong, West Bengal (Drinking water scheme from Jureli Khola to Bhalukhola)	Drinking Water [S. No. (i) of Sch VII]	Yes	West Bengal	Kalimpong	1 year	37.65	10.07	-	Yes	Direct	Not applicable
8	Providing Computer literacy to Ekal Vidyalayas through Mobile Computer lab in Chhattisgarh	Education [S. No. (ii) of Sch VII]	Yes	Chhattisgarh	Raigarh	1 year	26.62	1.66	-	No	Through M/s EKAL Gramotthan Foundation	Not received yet
9	Construction of computer lab and provisions of computers at Navgaon, Chhattisgarh	Education [S. No. (ii) of Sch VII]	Yes	Chhattisgarh	Navgaon	1 year	18.15	6.72	-	Yes	Direct	Not applicable
10	Interactive Multimedia for English Literacy in Subject Employability skills by M/s SNTD Women's University	Education [S. No. (ii) of Sch VII]	Yes	Maharashtra	Mumbai	1 year	25.00	3.75	-	No	Through M/s SNTD Women's University	Not received yet
11	Empowering women through Menstrual Hygiene Training Program in Ghazipur, UP by M/s Vatsalya Foundation and M/s Sewa Samarpan Sansthan	Health [S. No. (i) of Sch VII]	No	Uttar Pradesh	Ghazipur	1 year	17.14	-	-	No	Through M/s Vatsalya Foundation and M/s Sewa Samarpan Sansthan	Not received yet
12	Supporting 23 elderly for basic amenities residing in Old Age Home by M/s Anadi Sewa Prakalp	Health [S. No. (i) of Sch VII]	Yes	Haryana	Faridabad	1 year	3.00	0.30	-	No	Through M/s Anadi Sewa Prakalp	Not received yet
13	Contribution to GODHULI for promoting the education for street Children in Delhi for FY 2019-20	Education [S. No. (ii) of Sch VII]	Yes	Delhi	Delhi	1 year	6.00	0.60	-	No	Through M/s GODHULI	Not received yet

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In Lakhs).	Mode of Implementation (Yes / No).	Mode of Implementing Agency	
				State	District						Name	CSR Registration number.
14	Skill Development Trainings to 20 BPL Candidates by M/s Santhigiri Ashram (Job oriented skill development Panchkarma Training to 20 BPL students & poor youth)	Education [S. No. (ii) of Sch VII]	Yes	Delhi	Delhi	1 year	18.60	4.01	-	No	Through M/s Santhigiri Ashram	Not received yet
15	Contribution for quality education of students of Bhubaneswar through M/s Kalinga Institute of Social Sciences (Sponsoring of 100 class Vth tribal students living in residential school)	Education [S. No. (ii) of Sch VII]	Yes	Orissa	Bhubaneswar	1 year	30.00	3.00	-	No	Through M/s Kalinga Institute of Social Sciences	Not received yet
16	Providing employment to Rural women by establishing provision of Hygienic Cost Effective Sanitary Napkin Machines at Dholpur by M/s Vatsalya Foundation (Setting up of manufacturing sanitary napkins unit for generating employment for rural women through SHGs and distribution in girls school/ colleges)	Health [S. No. (i) of Sch VII]	Yes	Rajasthan	Dholpur	1 year	4.65	0.93	-	No	Through M/s Vatsalya Foundation	Not received yet
17	Proposal for Community Based Livelihood Security & Empowerment of War Widows of J&K (Arogya Conducting 80 Medical Camps and provide the free medical services with medicines)	Health [S. No. (i) of Sch VII]	Yes	Jammu & Kashmir, Kargil and Leh Ladakh	Jammu & Kashmir, Kargil and Leh Ladakh	1 year	27.00	13.50	-	No	Through M/s Arogya Foundation	Not received yet

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Location of the project.		Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In Lakhs).	Mode of Implementation	Mode of Implementing Agency		
			Local area (Yes/No).	State						District	Name	CSR Registration number.
18	Supporting Divyangjan for artificial limbs in collaboration with Artificial Limb manufacturing for FY 19-20 by ALIMCO	Health [S. No. (i) of Sch VII]	Yes	Madhya Pradesh, Uttar Pradesh	Muzzafarnagar and Katni	6 months	40.00	10.00	-	No	Through M/s ALIMCO	Not received yet
19	Extension of Contribution to 50 each Ekal vidyalayas in Jharkhand and Chhattisgarh	Education [S. No. (ii) of Sch VII]	Yes	Jharkhand, Chhattisgarh	Raigarh and West Singhbhum	1 year	20.00	1.00	-	No	Through M/s Bharat Lok Shiksha Parishad	Not received yet
20	Providing employment to rural women by establishing provision of Hygienic Cost Effective Sanitary Napkins at Nupada, Odisha	Health [S. No. (i) of Sch VII]	Yes	Odisha	Nupada	1 year	6.77	1.35	-	No	Through M/s Vatsalya Foundation	Not received yet
21	Providing employment to rural women by establishing provision of Hygienic Cost Effective Sanitary Napkins at Ranchi, Jharkhand.	Health [S. No. (i) of Sch VII]	Yes	Jharkhand	Ranchi	1 year	6.77	1.35	-	No	Through M/s Vatsalya Foundation	Not received yet
22	Promoting Health & Hygiene by setting up of manufacturing unit for Biodegradable Sanitary Napkin in project areas of Railways in Baramulla, J & K by M/s Deepanjan Trust	Health [S. No. (i) of Sch VII]	Yes	Kashmir	Baramulla	1 year	29.44	21.16	-	No	Through M/s Deepanjan Trust	Not received yet
23	Proposal for establishing Mini Science Centre for underprivileged students	Education [S. No. (ii) of Sch VII]	Yes	Chhattisgarh	Raigarh	1 year	9.43	2.36	-	No	Through M/s Sambhvana	Not received yet

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Location of the project.		Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In Lakhs).	Mode of implementation Direct (Yes / No).	Mode of Implementing Agency	
			State	District						Name	CSR Registration number.
24	Promoting education through "Knowledge on Wheels" program	Education [S. No. (ii) of Sch VII]	Maharashtra	Palghar District	1 year	32.84	6.57	-	No	Through M/s Keshav Srushti	Not received yet
25	Construction of multi-purpose hall(300 capacity) at Tripura	Setting up Homes and Shelters {s.no. (iii) of Sch VII	Tripura	Agartala	1 year	78.00	34.69	-	Yes	Direct	Not applicable
26	Construction of toilets at Udhampur Railway Station under Swachh Bharat Abhiyan by J&K Project	Sanitation	Jammu & Kashmir	Udhampur	1 year	52.00	0.50	-	Yes	Direct	Not applicable
<b>Total</b>						<b>700.84</b>	<b>163.62</b>				



### Details of CSR amount spent against other than ongoing projects for the FY.

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Location of the project.		Amount spent in the current financial Year (₹ In Lakhs).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
			Local area (Yes/No).	State			District	Name
1	PM cares Fund in Financial year 20-21	Fund contribution	NA	NA	838.24	Yes	Direct	Not applicable
2	Promoting pre primary education of around 140 slum children in Nangloi, Delhi and other locations	Education [S. No. (ii) of Sch VII]	Yes	New Delhi	5.50	No	Through M/s GODHULI	Not received yet
3	Running of the Medical Unit at Banihal.	Health [S. No. (i) of Sch VII]	Yes	J&K	3.03	Yes	Direct	Not applicable
4	Providing of 44 Deep Freezer and 1 Walk in Freezer at Delhi	Health [S. No. (i) of Sch VII]	Yes	New Delhi	19.32	No	Direct	Not applicable
<b>Total</b>					<b>866.09</b>			

### Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Cumulative amount spent at the end of reporting Financial Year. (₹ In Lakhs).	Status of the project - Completed /Ongoing.
1	NA	Promoting Cleanliness through Waste-to-Energy for school kitchens in Adivasi communities by M/s LAYA in Vishakhapatnam (2 yrs)	2018-19	2 Years	35.20	1.70	18.60	Not received yet
2	NA	Environment sustainability through plantation in Reasi, J&K (5 yrs)	2017-18	5 Years	43.70	1.42	33.67	Not applicable
3	NA	Provision of 50 hand pumps for development of the villages in Ghazipur	2018-19	1 Years	21.80	2.18	21.80	Not received yet
4	NA	Promoting Sports through contribution for Infrastructure Development of Nural Amin Stadium, Nowgong Sports Association in Nowgong, Assam	2018-19	2 Years	77.00	19.25	38.50	Not received yet

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Cumulative amount spent at the end of reporting Financial Year. (₹ In Lakhs).	Status of the project – Completed /Ongoing.
5	NA	Imparting Skill Development program to 60 underprivileged women by M/s Lakshyam (Vocational Training in stitching& tailoring for girls and women and developing market for the SHGs)	2019-20	should be 1 year	12.66	2.50	12.66	Not received yet
6	NA	Request for extension of ongoing Skill Development Centre at Khora, Ghaziabad District by M/s BSGSS	2019-20	1 Years	21.42	13.05	21.42	Not received yet
7	NA	Drinking water facility for local people of Kalimpong, West Bengal (Drinking water scheme from Jureli Khola to Bhalukhola)	2019-20	1 Years	37.65	10.07	22.81	Not applicable
8	NA	Providing Computer literacy to Ekal Vidyalayas through Mobile Computer lab in Chhattisgarh	2017-18	1 Years	26.62	1.66	26.63	Not received yet
9	NA	Construction of computer lab and provisions of computers at Navgaon, Chhattisgarh	2017-18	1 Years	18.15	6.72	17.12	Not applicable
10	NA	Interactive Multimedia for English Literacy in Subject Employability skills by M/s SNDDT Women's University	2017-18	1 Years	25.00	3.75	25.00	Not received yet
11	NA	Empowering women through Menstrual Hygiene Training Program in Ghazipur,UP by M/s Vatsalya Foundation and M/s Sewa Samarpan Sansthan	2018-19	1 Years	17.14	-	16.58	Not received yet
12	NA	Supporting 23 elderly for basic amenities residing in Old Age Home by M/s Anadi Sewa Prakaalp	2019-20	1 Years	3.00	0.30	3.00	Not received yet
13	NA	Contribution to GODHULLI for promoting the education for street Children in Delhi for FY 2019-20	2019-20	1 Years	6.00	0.60	6.00	Not received yet
14	NA	Skill Development Trainings to 20 BPL Candidates by M/s Santhigiri Ashram (Job oriented skill development Panchkarma Training to 20 BPL students & poor youth)	2019-20	1 Years	18.60	4.01	18.60	Not received yet

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Cumulative amount spent at the end of reporting Financial Year. (₹ In Lakhs).	Status of the project – Completed /Ongoing.
15	NA	Contribution for quality education of students of Bhubaneshwar through M/s Kalinga Institute of Social Sciences (Sponsoring of 100 class Vth tribal students living in residential school)	2019-20	1 Years	30.00	3.00	30.00	Not received yet
16	NA	Providing employment to Rural women by establishing provision of Hygienic Cost Effective Sanitary Napkin Machines at Dholpur by M/s Vatsalya Foundation (Setting up of manufacturing sanitary napkins unit for generating employment for rural women through SHGs and distribution in girls school/colleges)	2017-18	1 Years	4.65	0.93	4.65	Not received yet
17	NA	Proposal for Community Based Livelihood Security & Empowerment of War Widows of J&K (Arogya Conducting 80 Medical Camps and provide the free medical services with medicines)	2019-20	1 Years	27.00	13.50	27.00	Not received yet
18	NA	Supporting Divyangjan for artificial limbs in collaboration with Artificial Limb manufacturing for FY 19-20 by ALIMCO	2019-20	6 months	40.00	10.00	20.00	Not received yet
19	NA	Extension of Contribution to 50 each Ekal vidyalayas in Jharkhand and Chhatisgarh	2019-20	1 Years	20.00	1.00	20.00	Not received yet
20	NA	Providing employment to rural women by establishing provision of Hygienic Cost Effective Sanitary Napkins at Nupada, Odisha	2019-20	1 Years	6.77	1.35	6.77	Not received yet
21	NA	Providing employment to rural women by establishing provision of Hygienic Cost Effective Sanitary Napkins at Ranchi, Jharkhand.	2019-20	1 Years	6.77	1.35	6.77	Not received yet
22	NA	Promoting Health & Hygiene by setting up of manufacturing unit for Biodegradable Sanitary Napkin in project areas of Railways in Baramulla, J &K by M/s Deepanjan Trust	2019-20	1 Years	29.44	21.16	29.44	Not received yet
23	NA	Proposal for establishing Mini Science Centre for underprivileged students	2019-20	1 Years	9.43	2.36	7.08	Not received yet

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Amount allocated for the project (₹ In Lakhs).	Amount spent in the current financial Year (₹ In Lakhs).	Cumulative amount spent at the end of reporting Financial Year. (₹ In Lakhs).	Status of the project – Completed /Ongoing.
24	NA	Promoting education through "Knowledge on Wheels" program	2019-20	1 Years	32.84	6.57	26.27	Not received yet
25	NA	Construction of multi-purpose hall(300 capacity) at Tripura	2019-20	1 Years	78.00	34.69	34.69	Not applicable
26	NA	Construction of toilets at Udhampur Railway Station under Swachh Bharat Abhiyan by J&K Project	2019-20	1 Years	52.00	0.50	0.50	Not applicable
<b>Total</b>					<b>570.84</b>	<b>163.62</b>	<b>512.16</b>	

Annexure - 4

### Details of CSR Assets

Sl. No.	Name of the Project	Details of Asset	Amount spent in the current financial Year (₹ In Lakhs).	Assets created for Beneficiaries/Agency	Address
1	Construction of multi- purpose hall (300 capacity) at Tripura	Constructed Multi Purpose Hall of 300 capacity	34.69	M/s Hedgevar Smarak Samiti	Hedgevar Smarak Samiti, Sevadham, West Tripura
2	Construction of computer lab and provisions of computers at Navgaon, Chhattisgarh	Constructed a computer lab and provided Computers and Banches	6.72	Govt. Sen. Secondary School,	Govt. Sen. Secondary School, Navgaon, Chhattisgarh
3	Providing of 44 Deep Freezier and 1 Walk in Freezer at Delhi	Provided 44 deep freezier	19.32	Ministry of family and health welfare	Ministry of family and health welfare, NewDelhi
	<b>Total</b>		<b>60.73</b>		

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**IRCON INTERNATIONAL LIMITED**  
**CIN: L45203DL1976GOI008171**  
**Plot No. C-4, District Centre, Saket**  
**New Delhi-110017**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IRCON INTERNATIONAL LIMITED** (hereinafter called "The Company"), having its Registered Office at **Plot No. C-4, District Centre, Saket, New Delhi- 110017**. 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 Company's 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, **31<sup>st</sup> March, 2021**, 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 the Company for the financial year ended on **31<sup>st</sup> March, 2021**, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder **(to the extent applicable)**;
- (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;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **[Not applicable as the Company has not offered any shares or granted any options pursuant to any employee benefit scheme during the financial year under review]**;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **[Not Applicable as the Company has not issued and listed any debt securities during the financial year under review]**;
  - 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;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not Applicable as the Company has not delisted/propose to delist its equity shares from any Stock Exchange during the financial year under review]**; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **[Not Applicable as the Company has not bought back/propose to buy-back any of its securities during the financial year under review]**;
- (vi) The other laws, as informed and certified by the management of the Company which, are specifically applicable to the Company based on their sector/ industry are:
  - a) Building and other construction workers (Regulation of Employment and conditions of service) Central Rules, 1998
  - b) Electricity Act, 2003

For the compliances of Labour Laws & other General Laws, our examination and reporting is based on the documents, records and files as produced and shown to us and the information and explanations as provided to us, by the officers and management of the Company and to the best of our judgment and understanding of the applicability of the different

enactments upon the Company. In our opinion, there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory auditor(s) and other designated professionals.

**We have also examined compliance with the applicable clauses of the following:**

- i. Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).
- ii. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises vide their OM No. 18(8)/2005-GM dated 14<sup>th</sup> May, 2010.
- iv. Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) as stipulated in the O.M.F No. 5/2/2016-Policy dated 27<sup>th</sup> May, 2016 issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India.

*During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above **except to the extent as mentioned below;***

**The Company did not have:**

1. **Requisite number of Independent Directors on its Board as required under Regulation 17 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para 3.1.4 of DPE Guidelines on Corporate Governance with regard to Composition of the Board of Directors.**
2. **Woman Director on its Board as required under Section 149(1) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17(1) of SEBI (LODR) Regulations, 2015.**
3. **Composition of Audit Committee as required under Regulation 18 and composition of Nomination and Remuneration Committee as required under Regulation 19 for the quarters ended 30th September, 2020 (20-09-2020 to 30-09-2020), 31st December 2020 and 31st March 2021.**
4. **Composition of Stakeholders Relationship Committee as required under Regulation 20 for the quarters ended 31st March, 2021 (08-03-2021 to 31-03-2021) and;**
5. **At least one meeting of Independent Directors as required under Regulation 25(3) of the SEBI (LODR) Regulations, 2015 during the year ended 31st March, 2021.**

**We further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent 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 except that the Company has not been able to appoint requisite number of Independent Directors and Woman Director as required under the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (LODR) Regulations, 2015 as mentioned above. BSE and NSE had levied monetary fine(s) for non-compliance with Regulation 17(1) of SEBI (LODR) Regulations, 2015. IRCON has submitted to the stock exchanges that they should not be held liable to pay the fine and the same is not applicable on the Company on account of the fact that the appointment of directors in a Government Company is made by the Government of India. The listed entity has no role to play for appointment of Independent Directors unless nominated by the Government. The listed entity has already made request from time to time to the administrative ministry (i.e. Ministry of Railways) for appointment of requisite number of Independent Directors (including woman Director) on the Board of IRCON in order to ensure compliance.
- Adequate notice(s) were given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to all directors, 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.
- Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** 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.

**We further report that** during the financial year 2020-21;

- i. The Promoter of the Company i.e. "The President of India represented by Ministry of Railways" through Offer for Sale (OFS) of Shares through Stock Exchange mechanism disinvested 16% of the equity share capital of the Company i.e. 7,52,41,260 equity shares at the rate of ₹ 89.75 per share amounting to ₹ 675.29 Crore (5,26,68,882 equity shares divested to non-retail investors on 3rd March 2021 and 2,25,72,378 equity shares to retail investors on 4th March 2021).

- ii. The company has paid interim dividend @ ₹ 1.30 per equity share on face value of ₹ 2 per equity share.
- iii. The company has declared a final dividend of ₹ 1.32 per equity share on face value of ₹ 2 per equity share.

**For, Kumar Naresh Sinha & Associates**  
(Company Secretaries)

sd/-

**CS Naresh Kumar Sinha**  
(Proprietor)

**FCS: 1807; C P No.: 14984**

**PR: 610/2019**

**UDIN: F001807C000592364**

Place: Noida

Date: 07.07.2021

*Note: This report is to be read with our letter of even date which is annexed as "Annexure-A" and forms an integral part of this report.*

#### **Annexure A**

To,  
The Members  
**IRCON INTERNATIONAL LIMITED**  
**CIN: L45203DL1976GOI008171**  
**Plot No. C-4, District Centre, Saket**  
**New Delhi-110017**

Our Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2021 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 the random 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. Where ever 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. Our examination was limited to the verification of procedures on random 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. In view of the situation of COVID-19 Pandemic, we could not examine physical documents, records & other papers etc. of the Company for the year ended March 31<sup>st</sup> 2021 and the documents/information required by us were provided through electronic Mode.

**For Kumar Naresh Sinha & Associates**  
(Company Secretaries)

sd/-

**CS Naresh Kumar Sinha**  
(Proprietor)

**FCS: 1807; C P No.: 14984**

**PR: 610/2019**

**UDIN: F001807C000592364**

Place: Noida

Date: 07.07.2021

**REPLIES TO THE OBSERVATIONS CONTAINED IN THE SECRETARIAL AUDIT REPORT AND COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE FOR THE YEAR 2020-21**

Observations contained in the Reports for FY 2020-21	Management Reply
<p><b>The Company did not have:</b></p> <p>Requisite number of Independent Directors on its Board as required under Regulation 17 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Para 3.1.4 of DPE Guidelines on Corporate Governance with regard to Composition of the Board of Directors.</p>	<p>Ircon International Limited (IRCON) is a government company as per provisions of the Section 2(45) of the Companies Act 2013. As per provisions of the Companies Act 2013 and Articles of Association of the Company, the President of India vests with the power to appoint Directors (including Independent Director) on the Board of IRCON. All Directors in IRCON are appointed by the Government of India through its Administrative Ministry, Ministry of Railways and IRCON has no role to play for appointment of any Director including Independent Directors / Woman Director.</p> <p>The Company has, number of times, requested the Ministry of Railways for appointment of requisite number of Independent Directors (including Woman Director) and Government Nominee (Non-Executive) Directors on the Board of IRCON to ensure compliance and the same is under process. The Company is regularly chasing up for the matter for an early appointment of the vacant position of the Directors.</p>
<p>Woman Director on its Board as required under Section 149(1) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17(1) of SEBI (LODR) Regulations, 2015.</p>	<p>The composition of the Audit Committee was in compliance upto 19.09.2020. Consequent upon the end of the tenure of two Independent Directors on the Board of IRCON on 19.09.2020, with effect from 20.09.2020, the composition of Audit Committee is in non-compliance i.e. not having two Independent Directors. The Chairperson of the Audit Committee was Independent Director till 07.03.2021, however, consequent upon the end of tenure of remaining one Independent Director on 07.03.2021, the Board has appointed a non-independent Director as the Chairperson of the Committee.</p> <p>The composition of the Nomination and Remuneration Committee (NRC) was in compliance upto 19.09.2020. Consequent upon end of tenure of two Independent Directors on the Board of IRCON on 19.09.2020, w.e.f. 20.09.2020, the composition of NRC is not in compliance i.e. not having at least 50% of its member as Independent Directors.</p> <p>With effect from 30.09.2020, the NRC was reconstituted with one Independent Director, one non-executive Director and one executive director with Chairman as an Independent Director. However, due to end of tenure of remaining one Independent Director on 07.03.2021 and non-availability any additional non-executive Director, the Board of Directors suspended the NRC till such time, Independent Directors and/ or part-time (official) Directors are appointed by the Ministry of Railways on the Board.</p>
<p>Composition of Audit Committee as required under Regulation 18 and composition of Nomination and Remuneration Committee as required under Regulation 19 for the quarters ended 30th September, 2020 (20-09-2020 to 30-09-2020), 31st December 2020 and 31st March 2021;</p>	<p>The composition of Stakeholders Relationship Committee (RMC) was in compliance upto 07.03.2021. Consequent upon end of tenure of remaining one Independent Director, the composition of Stakeholders Relationship Committee is not in compliance w.e.f. 08.03.2021.</p>
<p>Composition of Stakeholders Relationship Committee as required under Regulation 20 for the quarters ended 31st March, 2021 (08-03-2021 to 31-03-2021); and</p>	<p>At least one meeting of Independent Directors as required under Regulation 25(3) of the SEBI (LODR) Regulations, 2015 during the year ended 31st March, 2021.</p>
<p>At least one meeting of Independent Directors as required under Regulation 25(3) of the SEBI (LODR) Regulations, 2015 during the year ended 31st March, 2021.</p>	<p>After the end of tenure of Two Independent Directors on 19.09.2020, only one Independent Director was left in the Company from 20.09.2020 to 07.03.2021, hence, the Meeting of Independent Directors Committee could not be held during the year 2020-21.</p>

**For and on behalf of the Board of Director**

sd/-

**(M. K. Singh)**

Chairman & Managing Director

CEO and Director Finance

(DIN: 06607392)



## FORM NO. AOC 2

**Form for Disclosure of particulars of contracts / arrangements entered by the Company with related parties referred in section 188 (1) of the Companies Act, 2013, including certain arms-length transactions under fourth proviso thereto**

**[Pursuant to Section 134 (3)(h) of the Companies Act, 2013, read with Rule 8(2) of the Companies (Accounts) Rules, 2014]**

Details of contracts or arrangements or transactions not at arm's length basis : NIL  
 Details of material contracts or arrangements or transactions at arm's length basis : As follows

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Date of approval by the Board, if any	Amount received/ paid as advances by IRCON, if any (₹ in Crore)
1.	<b>Ircon Infrastructure &amp; Services Limited (IrconISL)</b> A wholly owned subsidiary Company	Maintenance of track between Kharsia & Korichhapar newly laid BG section	<b>Date:</b> Agreement yet to be entered  <b>Duration:</b> 6 months from 12.10.2019 and extended upto 30.06.2020	IRCON's margin of 9% on the bills of subcontractor engaged by IRCON.	Not Applicable	Nil
		Re-development of Railway Stations	<b>Date:</b> MOU entered on 30.12.2019  <b>Duration:</b> MOU shall be enforceable till completion of all the allocated Project(s) including defect liability period or until termination / foreclosure of the services, whichever is earlier.	IrconISL has been awarded the work of Re-development of Railway Stations for a fees @ 5.22% plus GST of the Project Cost.	Not Applicable	Nil
2.	<b>Ircon Shivpuri Guna Tollway Limited (IrconSGTL)</b> A wholly owned subsidiary Company	Awarding of Engineering Procurement Construction (EPC) Agreement for Execution of four laning of Shivpuri-Guna B-pass section of NH-3 from Km 236.000 to Km 332.100 in the State of Madhya Pradesh- Stage-II by IrconSGTL to IRCON	<b>Date:</b> Letter of Award dated 01.01.2021 and EPC agreement dated 20.01.2021  <b>Duration:</b> 12 months from the letter of award or handing over of site, whichever is later	<b>Consideration:</b> Actual cost plus 5% basis.	Not Applicable	Nil
3.	<b>Ircon Davanagere Haveri Highway Limited (IrconDHHL)</b> A wholly owned subsidiary Company	Awarding of Engineering Procurement Construction (EPC) contract of Davanagere Haveri Highway Project from km 260+000 to km 338+923 of NH-48 (old NH-4) in the State of Karnataka to IRCON	<b>Date:</b> EPC Agreement dated 04.01.2018  <b>Duration:</b> Completion period is 30 months from Appointed date or handing over of land by IrconDHHL whichever is later	<b>Consideration:</b> ₹916.93 Crore plus GST @12%.	Not Applicable	Repayment of advance ₹13.82 Crore

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Date of approval by the Board, if any	Amount received/ paid as advances by IRCON, if any (₹ in Crore)
4.	<b>Ircon Vadodara Kim Expressway Limited (IrconVKEL)</b> A wholly owned subsidiary Company.	Awarding of Engineering Procurement Construction (EPC) Contract for construction of eight lane Vadodara Kim Expressway from 323 km to 355 km in the state of Gujarat to IRCON	<b>Date:</b> EPC Agreement dated 09.11.2018 as modified vide Addendum 1 entered on 10.08.2019 and Addendum 2 entered on 03.01.2020  <b>Duration:</b> Completion period is 730 days reckoned from Appointed Date	<b>Consideration:</b> ₹1377.73 Crore plus GST @12%.	Not Applicable	Repayment of Advance ₹70.28 Crore
5.	<b>Ircon Gurgaon Rewari Highway Limited (IrconGRHL)</b> A wholly owned subsidiary Company.	Awarding of Engineering Procurement Construction (EPC) Contract by IrconGRHL of work of upgradation of Gurgaon-Pataudit-Rewari section of NH-352W (design length 46.110 km) as Feeder route in the State of Haryana to IRCON	<b>Date:</b> Letter of Award dated 16.03.2021 and EPC Agreement dated 30.06.2021  <b>Duration:</b> Completion period is 730 days reckoned from Appointed Date	<b>Consideration:</b> ₹606.54 Crore plus GST@12%	Not Applicable	Nil
6.	<b>Indian Railway Stations Development Corporation Limited (IRSDC)</b> A Joint Venture Company	Memorandum of Agreement (MOA) between IRCON and IRSDC for Redevelopment of specified Railway Stations	<b>Date:</b> MOA dated 30.08.2019  <b>Duration:</b> MOA shall be enforceable till completion of all the allocated Project(s) including defect liability period or until termination / foreclosure of the services, whichever is earlier	IRCON has been awarded the works of Project Management Consultants (PMC) and shall be entitled for fees of @ 5.8% plus GST of the Project Cost(s). In case project undertaken on PPP framework, IRSDC may offer bonus (payable by Selected Bidder / Developer) over and above the agreed fees @ 0.2% of Lease Premium received after deducting cost of mandatory work subjects to maximum of ₹3 Crore per project.	Not Applicable	Nil
7.	<b>Chhattisgarh East Railway Limited (CERL)</b> A Joint Venture Company	Award of work of execution of East Corridor Rail Project in Chhattisgarh by CERL to IRCON	<b>Date:</b> Project Execution Agreement dated 18.01.2014  <b>Duration:</b> Till the Railway corridor becomes operational in line with the Concession Agreement.	IRCON would be paid actual cost of work plus specified percentage of contract addition towards overheads and profit.	Not Applicable	Advance received ₹3.07 Crore  Repayment of Advance ₹15.19 Crore
8.	<b>Chhattisgarh East-West Railway Limited (CEWRL)</b> A Joint Venture Company	Award of execution of East-West Corridor Rail Project in Chhattisgarh by CEWRL to IRCON	<b>Date:</b> Project Execution Agreement dated 05.04.2014  <b>Duration:</b> Till the Railway corridor becomes operational in line with the Concession Agreement.	IRCON would be paid actual cost of work plus specified percentage of contract addition towards overheads and profit.	Not Applicable	Advance received ₹36.39 Crore  Repayment of Advance ₹9.34 Crore

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Date of approval by the Board, if any	Amount received/ paid as advances by IRCON, if any (₹ in Crore)
9.	<b>Mahanadi Coal Railway Limited (MCRL)</b> A Joint Venture Company	Award of work for preparation of feasibility report, Detailed Project Report, Design, and construction of identified project lines and Sidings by MCRL to IRCON	<b>Date:</b> Project Execution Agreement dated 19.04.2016  <b>Duration:</b> Up to Commissioning of all identified project	IRCON would be paid a percentage of cost of project for FR & DPR and actual cost of work plus specified percentage of contract addition towards overheads and profit for construction.	Not Applicable	Nil  Repayment of Advance ₹0.98 Crore
10.	<b>Jharkhand Central Railway Limited (JCRL)</b> A Joint Venture Company	Award of work for preparation of feasibility report, Detailed Project Report, Design, and construction of identified project lines and Sidings by JCRL to IRCON	<b>Date:</b> Project Execution Agreement dated 28.03.2016  <b>Duration:</b> Up to Commissioning of all identified project.	IRCON would be paid a percentage of cost of project for FR & DPR and actual cost of work plus specified percentage of contract addition towards overheads and profit for construction.	Not Applicable	Nil
11.	<b>Bastar Railway Private Limited (BRPL)</b> A Joint Venture Company	Award of work for preparation of feasibility report, Detailed Project Report, Design, and construction of identified project lines and Sidings by BRPL to IRCON	<b>Date:</b> Project Execution Agreement has been entered on 19.07.2017  <b>Duration:</b> Up to Commissioning of all identified project	IRCON would be paid a percentage of cost of project for FR & DPR and actual cost of work plus specified percentage of contract addition towards overheads and profit for construction.	Not Applicable	Nil  Repayment of Advance ₹0.26 Crore

**Note:**

- Apart from above said transactions, other transactions, etc. entered with related parties are as follows:
  - Rendering or availing of services – Machinery, Manpower and other resources at market rates on arm's length basis; Leasing of office space on arm's length basis; and Rendering or availing of services like deputation of manpower, administrative services etc. on cost basis to and from subsidiary / associate company.
  - In respect of the above transactions, having value of less than ₹ 1 crore per transaction, the omnibus approval of the Audit Committee was granted.
- All the above said transactions have been approved by the Audit Committee of IRCON, including the transactions covered under the omnibus approval granted by the Audit Committee.
- In addition to above transactions, an amount of ₹45 Crore is lying against advance received from ISTPL towards arbitration claims.
- For details of investments, loans, and guarantees etc. to the subsidiary and JV Companies etc., the members may refer to the financial statements which sets out the Related Party Disclosure pursuant to Ind AS-24 and also the transactions during the year.

**For and on behalf of the Board of Director**

sd/-

**(M. K. Singh)**

Chairman & Managing Director

CEO and Director Finance

(DIN: 06607392)

Date: 24.08.2021

Place: New Delhi

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# DIVIDEND DISTRIBUTION POLICY

## 1. Background

1.1 Securities Exchange Board of India (SEBI) vide its notification dated 8th July, 2016 has inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (second amendment) which requires top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in their annual reports and on their websites.

1.2 The intent of the policy is to broadly specify the following parameters (external and internal factors) that shall be considered while declaring dividend and the circumstances under which shareholders of the Company may/ may not expect dividend and how the retained earnings shall be utilized.

The Company strives for maximisation of shareholders' value and believes that this can be attained by driving growth. The policy endeavours to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient profits are retained for the growth of the Company and other needs.

This Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration the interest of the Company and all the relevant circumstances enumerated in the policy or other factors as may be decided as relevant by the Board.

## 2. Policy Framework

The policy has been framed broadly in line with the provisions of the Companies Act, 2013 and also taking into consideration, guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises, SEBI Regulations and other guidelines, to the extent applicable.

## 3. Factor to be considered while declaring Dividend

### 3.1 Financial Parameters that shall be considered while declaring dividend

IRCON being a Central Public Sector Enterprise has to

comply with the guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by DIPAM, Govt. of India on 27.05.2016.

### 3.2 Internal and External factors that shall be considered for declaration of dividend

#### 3.2.1 Internal Factors

The Board while considering declaration of dividend for a financial year may, inter-alia, consider the following factors while taking into account the nature and scale of company's operations:

- a) Profit upto the Quarter/ for the financial year
- b) Available balance in the Free Reserves of the Company
- c) Dividend payout trend of the Company and the industry
- d) Future business projections and operational requirements
- e) Stability of earnings and projections of future profits
- f) Operating cash flows, treasury positions and operational requirements
- g) Borrowing levels and the capacity to borrow
- h) Present and Future Capital expenditure plans of the Company
- i) Additional investments in Subsidiaries/ Joint Ventures and Associates of the Company
- j) Providing for unseen events and contingencies which has financial implications.
- k) Any other factor as may be deemed fit by the Board.

#### 3.2.2 External Factors

- a) Economic Environment and Business Environment: Macro Economic conditions including present and likely business scenario will be considered while declaration of dividend in any year.

- b) Status of Industry: Prevailing conditions in the Industry in which the Company operates will also be considered while taking decisions regarding declaration of dividend.
- c) Statutory Provisions and Guidelines: The Company shall ensure compliance to the provisions of Companies Act & regulations of SEBI and other Statutory Authorities with regard to declaration of dividend. Further, being a Government Company, the Company shall also consider the applicable guidelines in force in respect of dividend declaration, as issued from time to time by the Govt. of India or by any other statutory bodies.
- d) Applicable taxes including tax on dividend: The taxes applicable on the company including taxes on dividends that effect overall cash outflow.

### **3.3 Circumstances under which the shareholders of the Company may or may not expect dividend**

Distribution of profits in the form of dividends and retaining some proportion of it for use in business for other objectives is a fundamental decision for every company. This decision requires adequate balancing between suitably rewarding shareholders through dividends and retaining profits to fund the operational requirements and growth plans of business. Although the Company has been consistently paying out dividends to its shareholders and they can reasonably expect it in future also unless the Company is constrained not to declare dividends under following circumstances:

- (a) Absence or Inadequacy of profits- If during any financial year, there are no profits or it is determined that the profits of the Company are not sufficient, the Board may decide not to declare dividends for that financial year.
- (b) Other constraints- Crucial factors like limited/non- availability of cash resources, limitations due to future cash flow projections, emergent needs requiring significant resources, unstable business and profit projections etc and any other statutory factors as considered by the Board while arriving at the decision not to declare dividends for that financial year.

## **4. Utilization of Retained Earnings**

The retained earnings of the company, shall be continued to be deployed in infrastructure creation and expansion of the business of the Company. The decision of utilization of the retained earnings of the Company shall be based on the factors like Strategic

and Long-term plans of the Company, diversification, Government guidelines with regard to issue of bonus, buy-back and any other criteria which the Board of the Company may consider appropriate. Therefore, retained earnings shall be utilized in a manner which will enhance value of all its shareholders in a sustainable manner.

## **5. Parameters to be adopted with regard to various classes of shares**

Company has presently only one class of shares i.e. Equity Shares and all the members of the Company on the record date are entitled to receive the same amount of dividend declared per share. As and when it proposes to issue any other class of shares, the policy shall be modified accordingly.

## **6. The Policy shall not apply to:**

- Distribution of dividend in kind i.e. by issue of bonus shares or other securities, subject to applicable law;
- Distribution of cash as an alternative to dividend payment by way of buyback of equity shares etc.

## **7. Amendment**

The Board of Directors may review or amend this policy, in whole or in part, as it may deem fit or in accordance with the guidelines as may be issued by SEBI.

However, any amendment in the Policy required in compliance with the Listing Regulations or any statutory enactment, Chairman & Managing Director of the Company is empowered to approve such amendment.

## **8. Disclosures:**

- 8.1 Declaration of dividend on the basis of parameters in addition to the elements of this Policy or resulting in amendment of any element of the Policy, will be disclosed in the Annual Report as well as on the website of the Company.
- 8.2 The Change in the policy shall however, be disclosed alongwith the justification thereof on the Company's Website and in the ensuing Annual Report in accordance with the extant regulatory provisions.
- 8.3 In the event of the policy being inconsistent with any regulatory provision, such regulatory provision shall prevail upon the corresponding provision of this policy and the policy shall be construed to be amended accordingly from the effective date of such provision.



# Standalone Financial Statements 2020-21

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF IRCON INTERNATIONAL LIMITED

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Opinion

We have audited the standalone Ind AS financial statements of IRCON INTERNATIONAL LIMITED ("the company") which comprise the Balance Sheet as at 31st March 2021, the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information in which are incorporated the Returns for the year ended on that date audited by branch auditors of the Company's branches at Algeria, Bangladesh and Sri Lanka Region.

We have audited the financial statements of the three (3) foreign branches situated at South Africa, Malaysia and Sri Lanka (Indian part) for the year ended 31st March, 2021. However, we have not visited any foreign branch and the relevant information for the audit purpose was provided to us by the management at corporate level.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Ind AS financial statements 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 Ind AS 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 (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to it "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Standalone financial Statements.

#### Emphasis of Matter

We invite attention to Note No. 45 of the Standalone Financial Statements which describes the impact of Covid-19, a global pandemic, in the preparation of Financial results including the recoverability of carrying amounts of Financial and Non-financial assets of the company.

Our opinion is not modified in respect of the above matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS 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 to be communicated in our report.

Key Audit Matter	How our audit addressed the matter
<p><b>a) Revenue Recognition in terms of Ind AS 115 "Revenue from Contracts with Customers"</b></p> <p>Accounting Standard on Revenue which prescribes five steps revenue recognition model.</p> <p>The Company recognizes revenue for a performance obligation satisfied over time after estimating its progress towards complete satisfaction of the performance obligation. The recognition of revenue requires assessments and judgments to be made</p>	<p>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.</p> <p>Evaluated the effectiveness of control over the preparation of information that are design to ensure the completeness and accuracy.</p> <p>Selected a sample of contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations</p>



Key Audit Matter	How our audit addressed the matter
<p>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 depict the Company's performance towards complete satisfaction of the performance obligation.</p> <p>During order fulfillment, contractual obligations may need to be reassessed. In addition, change orders or cancelations 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.</p> <p>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.</p> <p>For details refer Note 39 to the Standalone Ind AS financial statements.</p> <p><b>b) System Environment and Internal Controls</b></p> <p>The Company is having SAP system in place but for the foreign projects they are using the Tally system for preparing the financial statement of the foreign projects.</p> <p>FI-CO module is working since 2012-13 with its limited functionalities with no integration support from any other system like payroll, inventory etc. Further, the SAP project system module (PS) is required to generate the projects invoices with integration support.</p> <p>The IT system in the company are not fully automated and manual interventions are in place in preparing and reporting of financial statements.</p>	<p>and satisfaction of performance obligations. We also examined costs included within WIP balances on a sample basis and tested their recoverability through comparing the net realizable values as per the agreements with estimated cost to complete.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Company.</li> <li>• Considered the terms of the contracts to verify the transaction price used to allocate to separate performance obligations.</li> <li>• Checked whether the performance obligation is being satisfied over the period of time or at a point in time.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed</li> </ul> <p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Discussing with management and IT department on the IT environment and consideration of the key financial processes to understand where IT systems were integral to the financial reporting process.</li> <li>• Testing the design of the key IT controls relating to financial reporting systems of the company.</li> <li>• We also tested the company's controls around system interfaces, and the transfer of data from one system to another.</li> <li>• We applied substantive audit procedures to ensure that areas where there are manual controls are operating effectively.</li> </ul>

**Information Other than the Standalone Ind AS Financial Statements and Auditor's 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 Company's annual report but does not include the Standalone Ind As financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS 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 Standalone Ind AS 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.

## **Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

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 statements 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Ind AS 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:

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

Materiality is the magnitude of misstatements in the Standalone Ind AS 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.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS 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.

### Other Matters

- We did not audit the financial statements / financial information of three (3) foreign branches included in the standalone Ind AS financial statement of the company whose financial statements/financial information reflect total assets of ₹ 411.85 crores (Previous year ₹ 410.00 crores) as at 31st March 2021, total revenue of ₹ 518.97 crores (Previous Year ₹ 377.47 crores) and total PBT of ₹ 36.64 crores (previous year ₹ 63.92 crores), for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosure included in respect of these branches, is based solely on the reports of such branch auditors.
- The financial statements include (₹ 17.99 crores) (Previous Year ₹ 0.18 crores) profit/(loss) net, the company's share in three integrated joint operations (unincorporated) accounts which have been certified by other firms of Chartered Accountants and ₹ 0.51 crores (Previous Year ₹ Nil) profit net the company's share in 1 joint operation account certified by the management.
- The comparative financial information of the company for the year ended March 31, 2020 included in the financial statement, are based on the previously issued statutory financial statement prepared in accordance with the Ind AS audited by the predecessor auditors whose report for the year ended 31<sup>st</sup> March 2020 dated July 10<sup>th</sup>, 2020 express an unmodified opinion on those standalone Ind AS financial statement.

Our opinion is not modified in respect of these matters

### 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 the **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 account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purpose of our Audit has been received from branches not visited by us.
  - (c) The reports on the accounts of branch offices of the Company audited under section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - (d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), and the Cash Flow Statement and the Statement of Change in Equity dealt with by this Report are in agreement with the books of account.
  - (e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) Being a government company, provision of section 164(2) of the Act are not applicable pursuant to the notification No. G.S.R.463(E) th dated 5th June 2015, issued by the Central Government of India.
  - (g) 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**".
  - (h) Being a government company, provision of section 197 of the Act are not applicable vide notification no. GSR 463 (E) dated 5th June 2015, issued by the Central Government of India.
  - (i) 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:

- i. The company has disclosed the impact of pending litigations on its financial position in its financial statements – refer Note 37 to the standalone Ind AS financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts-Refer Note No. 19.2 to the standalone Ind AS financial statements.
- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
3. As required by Section 143(5) of the Act and as per directions issued by Comptroller and Auditor General of India, we report that:

The Company did not have any derivative contracts for which there were any material foreseeable losses.

S. No	Directions	Auditor's Replies
1.	Whether the company has system in place to process all the accounting transactions 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.	Company is using SAP system for all its Indian Projects and/ Tally system for all international projects to process all the accounting transactions. As per the information and explanation provided to us no accounting transactions have been processed outside the IT system except Income Billing for which no financial implications were observed.
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. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).	No, Company is having no case of any restricting 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.  The Company has given a loan to one of its subsidiary, Ircon PB Tollways Ltd. (IPBTL). The Subsidiary has requested for re-structuring of loan and waiver of interest for the current year amounting to ₹ 29.19 Crore and the same has not been taken as income by the Company as the request of above waiver is under consideration of the management.
3.	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation	According to the information and explanation given to us and as per our examination of records, no funds have been received/receivable for any specific scheme from central/state agencies during the financial year 2020-21.

**For HDSG & ASSOCIATES**

Chartered Accountants

Firm Registration No: 002871N

Sd/-

**Harbir Singh Gulati**

(Partner)

Membership No: 084072

UDIN:21084072AAAADC5053

Place: New Delhi

Date: 30th June, 2021

## "Annexure A" to the Independent Auditors' Report of even date on the Standalone Ind AS Financial Statements of Company for the year ended 31<sup>st</sup> March, 2021

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However, in some projects asset register needs to be updated with regards to situation of fixed assets and tagging/identification numbering to be done on fixed assets.
- b) The fixed assets were physically verified by the management during the year. 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. No material discrepancies were noticed on such verifications.
- c) According to the information and explanations given to us and on the basis of our examination of records of the company, the title/lease deeds of immovable properties are held in the name of the Company, except in cases given below:

(₹ in crore)

S. No.	Lease hold building located at	Gross Carrying Amount at cost as at 31 <sup>st</sup> March 2021	Net Book Value (as at 31.03.2021)
1	San Martin Marg, New Delhi	2.26	1.57
2	Pali Hill, Mumbai	0.21	0.15
3	Metro Railway Central Station Building, Kolkata	0.75	0.49

- ii. The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on comparison of physical verification with book records were not material and have been properly dealt with in the books of account. Physical verification is not carried out on 31.03.2021, however the same have been carried out after 31.03.2021 but before the finalization of books of account.
- iii. According to the information and explanation given to us by the management and records produced,

the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, paragraph 3(iii) of the Order is not applicable to the Company.

- iv. In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security; the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. According to the information and explanations given to us, and as per our examination of records, the Company has not accepted any deposits from public and therefore, the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provision of the Companies Act, 2013, and rules framed there under, are not applicable.
- vi. The Company has maintained cost records as required under section 148(1) of the Companies Act, 2013. However, we are neither required to carry out, nor have carried out any detailed examination of such accounts and records.
- vii. a. The Company is generally regular in depositing undisputed statutory dues including provident fund, income tax, goods and service tax, sales tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable with the appropriate authorities. Employees' State Insurance is not applicable to the Company. According to the information and explanation given to us, there are no undisputed statutory dues which were outstanding as on 31.03.2021 for a period of more than six months from the date the same become payable except balances outstanding.
- b. According to information and explanation given to us, and as per our examination of records of the Company, following are the particulars of dues on account of sales tax, GST, service tax, entry tax, trade tax, VAT, income tax, duty of customs, duty of excise and cess matters that have not been deposited on account of dispute as on 31.3.2021.

S. No.	Name of the Statute	Name of Disputed Dues	Amount Outstanding in (₹ in Crores)*	Period (A.Y.)	Forum where dispute is pending
1	Sales Tax	Sales Tax-AGRP	2.64	2007-08 to 2012-13	The Additional Commissioner, Commercial Taxes, Ghaziabad
2	Sales Tax	Entry Tax- AGRP	0.01	2008-09 to 2013-14	The Additional Commissioner, Commercial Taxes, Ghaziabad
3	Sales Tax	UP Trade Tax-Noida Expressway	0.33	2003-04	The Additional Commissioner Appeal, Noida
4	Sales Tax	UP TRADE TAX – UP 01	3.89	2004-05 to 2007-08	The Assessing Authority
5	Sales Tax	UPTT-UP-01 (Entry Tax)	0.16	2007-08	The Assessing Authority
6	Sales Tax	UPVAT ACT-UP-01	3.41	2007-08 & 2008-09	The Appellate Authority
7	Sales Tax	UPVAT ACT-UP-01 (Entry Tax)	0.15	2007-08 to 2009-10	The Appellate Authority
8	Sales Tax	UPVAT ACT-UP-01	0.01	2010-11	The Deputy Commissioner
9	Sales Tax	Sales Tax-BE-08	0.26	2007-08 to 2009-10	The Additional Commissioner Appeal, Noida
10	Sales Tax	Sales Tax-BE-08 Entry Tax	0.003	2014-15	The Additional Commissioner Appeal, Noida
11	Sales Tax	UPTT-UP-05	1.31	2006-07 to 2007-08	Tribunal Jhansi Bench
12	Sales Tax	UPTT-UP-05	0.01	2005-06	High Court Allahabad
13	Sales Tax	UPVAT-UP-05	3.27	2007-08 to 2009-10	Tribunal Jhansi Bench
14	Sales Tax	Sales Tax 2005-06 Godhra	1.90	2005-06	Dy. Commissioner Sales Tax Authority, Vadodara
15	Sales Tax	Sales Tax 2010-11- GED	0.05	2010-11	Asst Commercial Tax Officer, Marga
16	Uttar Pradesh VAT Act, 2008	Demand raised for sales tax	0.08	1982-83 and 1989-90	Appellate Authority, Jhansi
17	Sales Tax Rewari – Ajmer Project	Works Contract Tax	1.84	2006-07 to 2010-11	High Court Rajasthan
18	Sales Tax	Sales Tax GED GOA	0.50	2011-12 to 2014-15	Asst Commercial Tax Officer, Marga
19	VAT	Demand Raised	0.64	2011-12 to 2015-16	Deputy Commissioner, Lucknow
20	Sales Tax	Demand Raised	1.19	2006-07	VAT Tribunal Chandigarh
21	Service Tax	Service Tax Demand	0.55	2015-16 to 2017-18	CESTAT Allahabad
22	Service Tax	Service Tax Demand	0.19	2015-16	Deputy/Assistant Commissioner Jaipur
23	Jammu & Kashmir GST Act, 1962	Sales Tax	19.33	1999-00 to 2005-06	J&K High Court, Jammu and Deputy Commissioner Commercial Sales Taxes (appeals), Srinagar
24	Income Tax	Assessment Demand by DCT	8.04	AY 2016-17	Appeal filed before CIT(A)
25	Sales Tax-MRO	Sales Tax – MRO	3.51	1995-96 & 1996-97	Bombay High Court
26	Sales Tax-MRO	Sales Tax – MRO	3.97	2010-11 & 2011-12	Sales Tax Office, Mumbai
27	Kerala VAT	Kerala VAT	0.84	2013-14 & 2014-15	Asst. Commissioner, Commercial Tax

S. No.	Name of the Statute	Name of Disputed Dues	Amount Outstanding in (₹ in Crores)*	Period (A.Y.)	Forum where dispute is pending
28	Sales Tax	Sales Tax, Maharashtra	42.53	2007-08	Sales Tax Office, Mumbai
29	Bihar Sales Tax 1981	Sales Tax	1.75	1987-88 and 1994-95	Bihar Sales Tax Tribunal, Khalgaon
30	West Bengal State Sales Tax Act 1994	Sales Tax	0.26	1998-99	Sr. Jt Commissioner (Appeals), Sales Tax, West Bengal
31	West Bengal VAT Act 2003	VAT	1.80	2004-05, 2016-17 & 2017-18	Asst. Comm. Of Sales Tax College St. Charge, Kolkata
32	Service Tax	Service Tax (Behala)	0.87	2015-16 to 2016-17	Joint/Additional Commisioner Kolkata
33	Service Tax	Service Tax on Agency Fees	12.91	2010-11 to 2014-15	CESTAT
34	Service Tax	Service Tax on Agency Fees	5.60	2009-10 to 2013-14	CESTAT
35	Service Tax	Service Tax on Agency Fees	2.06	2016-17 to 2017-18	CESTAT
36	Bihar VAT Act	VAT TDS	5.98	2005-06 and 2006-07	Bihar VAT Department, We Circle Patna
37	Bihar VAT Act	VAT	0.003	2010-11	Bihar VAT Department, West Circle Patna
38	Bihar VAT Act	VAT	29.20	2012-13	Bihar VAT Department, West Circle Patna
39	Service Tax	Service Tax Jagdalpur	2.84	2016-17 to 2017-18	Appeal Filed before Commisioner of Central and Customs Appeal, Chhatisgarh
40	Bihar VAT Act	Bihar VAT	33.46	2013-14	Writ Petition Filed before High Court
41	Bihar VAT Act	Bihar VAT	25.54	2014-15	Writ Petition Filed before High Court
42	Service Tax	Service Tax	2.16	2015-16	CESTAT, Kolkata
43	Central Excise Act, 1944	Levy of Excise Duty on Bracket/ Cantilever Assemblies	0.66	1998-99	CESTAT (Dept. Appeal)
44	UP VAT Act	Demand for Sales Tax	0.37	2010-11	Addl. Commissioner Grade-2 (Appeal) has remanded the matter on 01.03.19 for re assessment of the above case to DC/Sale Tax/RBL
45	UP VAT Act	Demand for Sales Tax	0.14	2011-12	Addl. Commissioner Grade- 2 (Appeal) has remanded the matter on 28.03.20 for re assessment of the above case to DC/Sale Tax/RBL
46	UP VAT Act	Demand for Sales Tax	38.41	2012-13 to 2016-17	Addl. Commissioner Grade- 2 (Appeal), Lucknow
47	Income Tax	Income Tax Demand u/s 115QA	56.73	2018-19	Appeal filed before CIT(A)
48	Income Tax	Income Tax Demand u/s 143(1)(a)	7.64	2018-19	Appeal filed before CIT(A)

\*As compiled by the management and relied upon by us.

- viii. The Company has not defaulted in the repayment of loans or borrowings to any financial institution, banks, Government during the year. The company did not issue any debenture during the year.
- ix. According to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Further, as informed to us term Loans were applied for the purposes for which those were raised. However, no fresh term loan has been raised during the year. Accordingly, the provisions of paragraph 3 (ix) of the Order are not applicable to the Company.
- x. According to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. In view of the Government Notification No. GSR 463 (E) dated 5th June, 2015, government companies are exempt from the applicability of section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the order is not applicable to the Company.
- xii. The Company is not a Nidhi Company as specified in the Nidhi Rules, 2014. Thus, the requirements under para 3(xii) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
- xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him, within the provisions of section 192 of the Companies Act, 2013.
- xvi. The Company is not a Non-banking finance company, hence registration under section 45- IA of the Reserve Bank of India Act, 1934 does not arise.

**For HDSG & ASSOCIATES**

Chartered Accountants  
Firm Registration No: 002871N

Sd/-

**Harbir Singh Gulati**

(Partner)

Membership No: 084072

UDIN:21084072AAAADC5053

Place: New Delhi

Date: 30th June, 2021



## **Annexure B" to the Independent Auditors' Report of even date on the Standalone Ind AS Financial Statements of Ircan International Limited for the year ended 31st March, 2021**

### **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 Ircan International Limited "the Company" as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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.

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.

### **Inherent 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 periods 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.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company

has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, "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". However, internal control needs further strengthening in respect of the following areas identified as on 31.03.2021 based on our audit.

- (a) The Company has an integrated ERP system which was not used at its full potential. Salary is processed from SQL server rather than SAP. In the foreign projects the company has not used ERP system for the preparation of financial accounts instead software "Tally" was used for the same. Further, the SAP project system module (PS) is required to generate the projects invoices with integration support.
- (b) The Inventory records at some units are maintained manually and the inventory manual in SAP is under consideration. Further continuous identification

system of surplus/obsolete/non-moving/ broken assets and material/stores needs to be strengthened.

- (c) System of reconciliation of GST ITC in form GSTR 2A with books of account needs to be strengthened in some of the projects. So as to ensure that all amount paid by the company to their respective suppliers/ service providers is being duly deposited in Govt. account by them.

Our opinion is not modified in respect of the above matters.

#### **Other Matters**

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to branches, is based on the corresponding report of other auditors

We have considered the identified areas and reported above in determining the nature, timing and extent of audit procedures applied in our audit of the standalone financial statement of the company for the year ended 31st March, 2021 and these areas do not affect our opinion on the Standalone financial statement of the company.

Place: New Delhi  
Date: 30th June, 2021

**For HDSG & ASSOCIATES**  
Chartered Accountants  
Firm Registration No: 002871N

Sd/-  
**Harbir Singh Gulati**  
(Partner)  
Membership No: 084072  
UDIN:21084072AAAAADC5053

# STANDALONE BALANCE SHEET

## For The Year Ended 31<sup>st</sup> March 2021

(₹ in crore)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
<b>I. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	254.63	270.64
(b) Capital Work-in-Progress	4	0.27	0.66
(c) Investment Property	5	511.01	489.02
(d) Intangible Assets	6	0.25	0.40
(e) Intangible Assets under Development	6	9.79	9.79
(f) Right-of-use Assets	7	4.80	5.17
(g) Financial Assets	8		
(i) Investments	8.1	1,505.58	1,468.52
(ii) Loans	8.2	1,385.18	1,409.68
(iii) Others	8.3	74.03	140.67
(h) Deferred Tax Assets (Net)	9	82.56	93.68
(i) Other Non-Current Assets	10	47.64	129.60
<b>Total Non-Current Assets</b>		<b>3,875.74</b>	<b>4,017.83</b>
<b>2 Current Assets</b>			
(a) Inventories	11	117.60	320.67
(b) Financial Assets	12		
(i) Trade Receivables	12.1	504.64	559.34
(ii) Cash and Cash Equivalents	12.2	322.27	388.80
(iii) Other Bank Balances	12.3	2,928.19	2,112.06
(iv) Loans	12.4	94.04	62.80
(v) Others	12.5	1,009.67	871.37
(c) Current Tax Assets (Net)	13	9.08	7.02
(d) Other Current Assets	14	1,802.81	1,605.65
		<b>6,788.30</b>	<b>5,927.71</b>
Assets held for Sale	15	0.45	0.93
<b>Total Current Assets</b>		<b>6,788.75</b>	<b>5,928.64</b>
<b>Total Assets</b>		<b>10,664.49</b>	<b>9,946.47</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	16	94.05	94.05
(b) Other Equity	17	4,312.43	4,067.08
<b>Total Equity</b>		<b>4,406.48</b>	<b>4,161.13</b>
<b>2 Liabilities</b>			
<b>(i) Non-Current Liabilities</b>			
(a) Financial Liabilities	18		
(i) Borrowings	18.1	-	-
(ii) Trade Payables	18.2		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
- Total Outstanding Dues of Creditors Other than of Micro Enterprises and Small Enterprises		-	-
(iii) Other Financial Liabilities	18.3	266.41	380.16
(b) Provisions	19	79.11	78.66
(c) Other Non-Current Liabilities	20	333.50	267.88
<b>Total Non-Current Liabilities</b>		<b>679.02</b>	<b>726.70</b>
<b>(ii) Current Liabilities</b>			
(a) Financial Liabilities	21		
(i) Trade Payables	21.1		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises		6.11	4.28
- Total Outstanding Dues of Creditors Other than of Micro Enterprises and Small Enterprises		731.79	572.57
(ii) Other Financial Liabilities	21.2	2,383.90	2,097.10
(b) Other current liabilities	22	2,173.03	2,128.59
(c) Provisions	19	202.18	224.07
(d) Current Tax liability (Net)	23	81.98	32.03
<b>Total Current Liabilities</b>		<b>5,578.99</b>	<b>5,058.64</b>
<b>Total Equity and Liabilities</b>		<b>10,664.49</b>	<b>9,946.47</b>
III. Summary of Significant Accounting Policies	2		
IV. Notes forming part of Financial Statements	1 – 47		

**As per our Report of even date attached**

**For HDSG & Associates**

Chartered Accountants  
FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner  
M. No. 084072

Place : New Delhi

Date : 30th June, 2021

**For and on behalf of Board of Directors**

Sd/-

**Yogesh Kumar Misra**

Director (Works)

DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director

CEO and Director (Finance)

DIN – 06607392

Sd/-

**Ritu Arora**

Company Secretary

FCS No. 5270

# STANDALONE STATEMENT OF PROFIT AND LOSS

## For The Year Ended 31<sup>st</sup> March 2021

(₹ in crore)

Particulars	Note No.	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>I. Revenue :</b>			
Revenue from operations	24	4,947.77	5,202.06
II. Other income	25	252.54	239.66
<b>III. Total Income (I + II)</b>		<b>5,200.31</b>	<b>5,441.72</b>
<b>IV. Expenses:</b>			
Materials and Stores Consumed	26 (i)	366.63	349.71
(Increase) / Decrease in WIP	26 (ii)	211.77	15.89
Project Expenses	26 (iii)	3,736.28	4,057.06
Employee Benefits Expenses	27	229.33	261.37
Finance Costs	28	14.73	27.31
Depreciation, Amortisation and Impairment	29	24.84	15.93
Other Expenses	26 (iii)	42.71	41.88
<b>Total Expenses (IV)</b>		<b>4,626.29</b>	<b>4,769.15</b>
V. Profit Before exceptional items and Tax (III – IV)		574.02	672.57
VI. Exceptional items		–	–
VII. Profit before tax (V + VI)		574.02	672.57
VIII. Tax expenses:			
(1) Current tax	9		
– For the Period		144.47	158.43
– For earlier years (net)		13.86	(26.58)
(2) Deferred tax (net)		11.13	50.94
<b>Total Tax Expense</b>		<b>169.46</b>	<b>182.79</b>
IX Profit for the year from continuing operation (VII – VIII)		404.56	489.78
<b>X Other Comprehensive Income</b>	30		
A. (i) Items that will not be reclassified to profit or loss		(0.40)	1.20
(ii) Income Tax relating to Items that will not be reclassified to profit or loss		0.10	(0.30)
B. (i) Items that will be reclassified to profit or loss		(1.21)	(5.15)
(ii) Income Tax relating to Items that will be reclassified to profit or loss		0.30	1.30
		<b>(1.21)</b>	<b>(2.95)</b>
<b>XI Total Comprehensive Income for the year (IX +X) (Comprising profit/(loss) and other comprehensive income for the year, net of tax)</b>		<b>403.35</b>	<b>486.83</b>
XII Earnings Per Equity Share: (For Continuing Operation)			
(1) Basic	35	4.30	5.21
(2) Diluted		4.30	5.21
Face Value Per Equity Share		2.00	2.00
XIII Summary of Significant Accounting policies	2		
XIV Notes forming part of financial statements	1 – 47		

As per our Report of even date attached

For and on behalf of Board of Directors

**For HDSG & Associates**

Chartered Accountants

FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner

M. No. 084072

Place : New Delhi

Date : 30th June, 2021

Sd/-

**Yogesh Kumar Misra**

Director (Works)

DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director

CEO and Director (Finance)

DIN – 06607392

Sd/-

**Ritu Arora**

Company Secretary

FCS No. 5270

# STANDALONE STATEMENT OF CASH FLOWS

For The Year Ended 31<sup>st</sup> March 2021

(₹ in crore)

Particulars		For the Year ended 31st March, 2021	For the Year ended 31st March 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before taxation		574.02	672.57
<b>Adjustment for :</b>			
Interest on unwinding of financial instruments (Net)		-	(0.14)
Amortisation of financial instruments (Net)		(0.11)	0.14
Depreciation, amortization and impairment		24.84	15.93
Profit on sale of assets (net)		(3.76)	(28.45)
Profit on Sale of Mutual Funds		(2.01)	(0.96)
Interest Income		(156.13)	(175.23)
Dividend Income		-	(4.00)
Dividend Received from Joint Venture Company		(17.00)	-
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents		7.84	0.21
<b>Operating Profit before Current /Non-Current Assets and Liabilities</b>	<b>(1)</b>	<b>427.69</b>	<b>480.07</b>
<b>Adjustment for :</b>			
Decrease / (Increase) in Trade Receivables		54.70	(54.20)
Decrease / (Increase) in Inventories		203.06	11.28
Decrease / (Increase) in Loans, Other Financial Assets & Other Assets		(189.54)	(131.51)
(Decrease) / Increase in Trade Payables		161.04	28.26
(Decrease) / Increase in Other Liabilities, Financial Liabilities & Provisions		185.63	52.39
	<b>(2)</b>	<b>414.89</b>	<b>(93.78)</b>
<b>Cash Generated From Operations</b>	<b>(1+2)</b>	<b>842.58</b>	<b>386.29</b>
Income Tax Paid		(37.68)	(44.37)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>804.90</b>	<b>341.92</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment including CWIP		(3.52)	(58.16)
Acquisition of Intangible Assets and Intangible Assets under Development		(0.02)	(9.82)
Purchase / Proceeds of Investment Property		(30.49)	(68.92)
Sale of Property, Plant and Equipments & Intangible Assets		5.60	30.28
Sale of Mutual Funds		799.81	919.86
Purchase of Mutual Fund		(797.80)	(819.17)
Loan to Subsidiaries		(492.46)	(475.11)
Repayment of Loan from Subsidiaries and JVs		485.09	72.96
Interest Received		159.02	186.46
Dividend Received		-	4.00
Dividend Received from Joint Venture Company		17.00	-
Investment in Subsidiaries & Joint Ventures		(32.05)	(253.97)
Bank Balance Other than Cash and Cash Equivalents		(815.75)	333.72

## STANDALONE STATEMENT OF CASH FLOWS

For The Year Ended 31<sup>st</sup> March 2021

Particulars		For the Year ended 31st March, 2021	For the Year ended 31st March 2020
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(705.57)</b>	<b>(137.87)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loan From Indian Railway Finance Corporation		-	-
Payment of Lease Liabilities		(0.02)	(0.04)
Final Dividend (including Dividend Distribution Tax) paid		(96.87)	(122.74)
Interim Dividend (including Dividend Distribution Tax) paid		(61.13)	(152.50)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>(158.02)</b>	<b>(275.28)</b>
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents	(D)	(7.84)	(0.21)
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(A+B +C+D)</b>	<b>(66.53)</b>	<b>(71.44)</b>
<b>CASH AND CASH EQUIVALENTS (OPENING) (Refer Note 2, 3, 4)</b>	<b>(E)</b>	<b>388.80</b>	<b>460.24</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING) (Refer Note 2, 3, 4)</b>	<b>(F)</b>	<b>322.27</b>	<b>388.80</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(F - E)</b>	<b>(66.53)</b>	<b>(71.44)</b>

Note :

- The above Cash flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS) – 7 on Statement of Cash Flows.
- Reconciliation of Cash and Cash Equivalents and Components of Cash and Cash Equivalents included in the above Standalone Statement of Cash Flows :

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Cash in hand	0.05	0.08
Cheques/drafts in hand	-	7.65
Balances with banks:		
- On current accounts	154.17	182.12
- Flexi Accounts	128.23	95.30
- Deposits with original maturity of less than 3 months	39.82	103.65
<b>Total Cash and Cash Equivalents as per Balance Sheet and Standalone Statement of Cash Flows</b>	<b>322.27</b>	<b>388.80</b>

- Previous year's figures have been regrouped/reclassified and restated wherever applicable.
- Earmarked and restricted balances are mentioned in Note 12.2 and 12.3.
- Figures in brackets represent outflow of cash.

As per our Report of even date attached

**For HDSG & Associates**

Chartered Accountants  
FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner  
M. No. 084072

Place : New Delhi

Date : 30th June, 2021

For and on behalf of Board of Directors

Sd/-

**Yogesh Kumar Misra**  
Director (Works)  
DIN-07654014

Sd/-

**Surajit Dutta**  
Chief Financial Officer

Sd/-

**M. K. Singh**  
Chairman & Managing Director  
CEO and Director (Finance)  
DIN - 06607392

Sd/-

**Ritu Arora**  
Company Secretary  
FCS No. 5270

# STANDALONE STATEMENT OF CHANGES IN EQUITY

## For The Year Ended 31<sup>st</sup> March 2021

### A. Equity Share Capital

For the year ended 31st March, 2021

(₹ in crore)

Particulars	Amount
Balance as at 01 April, 2019	94.05
Changes in equity share capital during the year	-
Balance as at 31 March, 2020	94.05
Changes in equity share capital during the year	-
Balance as at 31 March, 2021	94.05

### B. Other Equity

For the year ended 31st March, 2020

(₹ in crore)

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	General Reserves	Retained Earnings	Capital Redemption Reserve	Exchange differences on translating the financial statement of a foreign operation	
Balance as at 1 April, 2019	3,333.71	517.17	4.93	(0.32)	3,855.49
Profit for the year	-	489.78	-	-	489.78
<b>Other Comprehensive Income</b>					-
Remeasurment of Defined Benefit Plans	-	0.90	-	-	0.90
Foreign Exchange translation difference	-	-	-	(3.85)	(3.85)
<b>Total Comprehensive Income for the period</b>	-	<b>490.68</b>	-	<b>(3.85)</b>	<b>486.83</b>
Dividend Paid	-	(228.31)	-	-	(228.31)
Dividend Distribution Tax	-	(46.93)	-	-	(46.93)
Balance as at March 31, 2020	3,333.71	732.61	4.93	(4.17)	4,067.08

For the year ended 31st March, 2021

(₹ in crore)

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	General Reserves	Retained Earnings	Capital Redemption Reserve	Exchange differences on translating the financial statement of a foreign operation	
Balance as at 1 April, 2020	3,333.71	732.61	4.93	(4.17)	4,067.08
Profit for the year	-	404.56	-	-	404.56
<b>Other Comprehensive Income</b>					-
Remeasurment of Defined Benefit Plans	-	(0.30)	-	-	(0.30)
Foreign Exchange translation difference	-	-	-	(0.91)	(0.91)
<b>Total Comprehensive Income for the period</b>	-	<b>404.26</b>	-	<b>(0.91)</b>	<b>403.35</b>
Dividend Paid	-	(158.00)	-	-	(158.00)
Dividend Distribution Tax	-	-	-	-	-
Balance as at March 31, 2021	3,333.71	978.87	4.93	(5.08)	4,312.43

As per our Report of even date attached

For HDSG & Associates

Chartered Accountants

FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner

M. No. 084072

Place : New Delhi

Date : 30th June, 2021

For and on behalf of Board of Directors

Sd/-

**Yogesh Kumar Misra**

Director (Works)

DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director

CEO and Director (Finance)

DIN - 06607392

Sd/-

**Ritu Arora**

Company Secretary

FCS No. 5270



# NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

## 1. Corporate Information

Ircon International Limited is a public sector construction company, with emphasis on infrastructure projects, domiciled in India (CIN: L45203DL1976GOI008171) and is incorporated under the provisions of the Companies Act applicable in India with specialization in execution of Railway projects on turnkey basis and otherwise. After commencing business as a railway construction company, it diversified progressively to roads, buildings, electrical substation and distribution, airport construction, commercial complexes, as well as metro rail works. The Company caters to both domestic and international markets. The Company is an ISO certified Company for Quality, Environment and Occupational Health and Safety Management systems; a Schedule 'A' public sector company and a Mini Ratna-Category I. The registered office of the company is located at C-4, District Centre, Saket, New Delhi- 110017 and the shares of the Company are listed on National stock exchange and BSE.

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

The standalone financial statements are approved for issue by the company's Board of Directors in their meeting held on 30<sup>th</sup> June 2021.

## 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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

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 and leasehold land acquired on perpetual lease 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 - 10
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. Leasehold land acquired on perpetual lease is not amortized.

Property plant and equipment acquired during the period, individually costing up to ₹ 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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

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 is 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 ₹ 1 Lakhs in each case is fully amortized in the period of purchase, by keeping ₹ 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

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 Investment in equity instruments of subsidiaries and joint ventures

Investment in equity instruments of subsidiaries and joint ventures are stated at cost as per Ind AS 27 'Separate Financial Statements'. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is assessed for recoverability and in case of permanent diminution provision for impairment is recorded in statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is recognized to the statement of profit and loss.

#### Interests in joint operations

The Company as a joint operator recognises in relation to its interest in a joint operation, its share in the assets/liabilities held/ incurred jointly with the other parties of the joint arrangement. Revenue is recognised for its share of revenue from the sale of output by the joint operation. Expenses are recognised for its share of expenses incurred jointly with other parties as part of the joint arrangement.

#### 2.2.8 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.

- (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.

#### 2.2.9 Revenue recognition

The Company operates in construction industry and it earns revenue primarily from the Engineering, Procurement and Construction business. The contracts with the customers are of construction of railways, construction of roads & highways, construction of commercial and residential buildings, electrification work and others. The type of work in these contracts involve geotechnical investigations, topographical surveys, resource-planning, preparation of DPR, construction, engineering, designing, supply of materials, redevelopment of system, installation, project management, operations and management etc. ("together called as construction related services"). The company provides these construction services on a fixed-sum turnkey basis as well as on cost plus basis.

Revenue from contract with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

#### (a) Revenue from contract with customer

Revenue is measured at the transaction price that is allocated to the performance obligation and it excludes amounts collected on behalf of third parties and is adjusted for variable considerations. The nature of Company's contract gives rise to several types of variable consideration including escalation and liquidated damages. Any subsequent change in the transaction price is then allocated to the performance obligations in the contract on the same basis as at contract inception. The Company recognizes revenue for variable consideration when it is probable that a

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

significant reversal in the amount cumulative revenue recognized will not occur. The company estimates the amount of revenue to be recognized on variable consideration using most likely amount method. 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.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to the existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if additional services are priced at the standalone selling price, or as a termination of existing contract and creation of a new contract if not priced at the standalone selling price.

The company satisfies a performance obligation and recognizes the revenue overtime, if any of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity perform
- The entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The Company has established certain criteria with respect to the method for recognizing the revenue that is applied consistently for similar performance obligations. The Company measures progress of work using input method where outcome can be estimated reliably, and performance obligation is satisfied over the time. Under input method, contract revenue is recognized as revenue by reference to the stage of completion as at the reporting date. The stage of completion is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

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

#### (b) Contract balances

- **Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.
- **Trade receivables:** A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).
- **Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

#### c) Other operating income

- Rental income arising from the renting of machinery given under operating lease is accounted for on straight-line basis over the lease terms.
- Other operating income represents income earned from the activities incidental to business and is recognized when performance obligation is satisfied and right to receive the income is established as per terms of contract.

#### d) Other income

- Dividend income is recognized when the right to receive payment is established.
- Interest income is recognized using Effective Interest rate method.
- Miscellaneous income is recognized when performance obligation is satisfied and right to receive the income is established as per terms of contract.

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#### 2.2.10 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.

#### 2.2.11 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.

#### 2.2.12 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

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presented in the statement of profit and loss on net basis.

#### • Foreign Operations

Foreign Operations related to branches that have the functional currency different from the presentation currency are translated into presentation currency. For the purpose of standalone financial statements, the assets and liabilities (both monetary and non-monetary) of the Company's foreign branches are translated into Indian rupees using exchange rates prevailing at the end of reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rate fluctuate significantly during the period, in which case the exchange rates at the dates of transaction are used. Exchange difference arising, if any, are recognized in other comprehensive income and accumulated in equity as foreign currency translation reserve.

On disposal of foreign operations (on closure of the books of the project), all the exchange differences accumulated in equity in respect of that operation are reclassified to statement of profit and loss.

#### 2.2.13 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 the period in which the employee renders the related services.

##### (b) Post-employment benefits

**Defined Contribution Plan:** A defined contribution plan is a plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefits expense in the statement of profit and loss during the period in which the employee renders the related services.

The Company has a defined contribution employee pension scheme which is administered through a separate trust (Ircon Defined Contribution Superannuation Pension Scheme 2009, Trust). The Contributions towards the trust are recognized in the

statement of profit and loss of the period when the contributions to the trust are due.

**Defined Benefit Plan:** A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under such plans, the obligation for any benefits remains with the Company. The company's liability towards gratuity, provident fund and post-retirement medical benefit are in the nature of defined benefit plans.

The gratuity is funded by the Company and is managed by a separate trust (Ircon Employees Group Gratuity Trust). The contributions to the gratuity trust for the period are recognized as expense and are charged to statement of profit and loss. The Company pays fixed contribution to the recognized provident fund at predetermined rates to a separate trust (Ircon Contributory Provident Fund Trust), which invests the funds in permitted securities. The contributions to the fund for the period are recognized as expense and are charged to statement of profit and loss. The obligation of the company is to make such fixed contributions and to ensure a minimum rate of return to the members as specified by the Government of India. The Company has Post-Retirement Medical Facility (PRMF) which is also funded by the Company and is managed by a separate trust (Ircon Medical Trust). The contributions to the medical trust for the period are recognized as expense and are charged to statement of profit and loss.

The Company's net obligation in respect of defined benefit plans is measured separately for each plan at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at each reporting date. The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

The calculation is performed by an independent actuary using the projected unit credit method and provided for if the circumstances indicate that the Trusts may not be able to generate adequate returns to cover the interest rates notified by the Government.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net

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defined benefit liability or asset) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to statement of profit and loss.

Defined benefit costs comprising current service cost, past service cost, interest cost and gains or losses on settlements are recognised in the statement of profit and loss as employee benefits expense. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the company recognises related restructuring costs or termination benefits.

#### (c) Other long-term employee benefits

The Company treats leave encashment expected to be carried forward beyond twelve months and leave travel concession as long-term employee benefit for measurement purposes. The obligation recognised in respect of these long-term benefits is measured at present value of the obligation based on actuarial valuation using the projected unit credit method.

Long term employee benefit costs comprising current service cost, interest cost and gains or losses on curtailments and settlements, re-measurements including actuarial gains and losses are recognised in the statement of profit and loss as employee benefit expenses.

#### 2.2.14 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.

#### 2.2.15 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.

#### 2.2.16 Provisions, contingent assets and contingent liabilities

##### 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.

Provisions recognised by the Company include provisions for Maintenance, Demobilization, Design Guarantee, Legal Cases, Corporate Social Responsibility (CSR), Onerous Contracts and others.

##### 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.

##### 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



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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.

#### **Contingent assets**

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

#### **2.2.17 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.

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.

The Company has given adjustments for lease accounting in accordance with Ind AS 116 which came into effect on 1st April 2019, and all the related figures have been

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reclassified/ regrouped to give effect to the requirements of Ind AS 116.

#### (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.

#### 2.2.18 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

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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,

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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

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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.

#### 2.2.19 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.

#### 2.2.20 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

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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.

#### 2.2.21 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.

#### 2.2.22 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.

#### 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.

#### Defined benefit plans

The costs of post-retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### 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.

#### Impairment of financial assets

The impairment provision for financial assets is 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.

#### 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.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

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.

#### **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.

#### **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.

#### **Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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).

#### **Revenue recognition**

The Company's revenue recognition policy, is central to how the Company values the work it has carried out in each financial year.

These policies require forecasts to be made of the outcomes of Contracts, which require, assessments and judgements to be made on changes in scope of work and claims and variations.

There are several long term and complex projects where the Company has incorporated significant judgements over contractual entitlements. The range of potential outcomes could result in a materially positive or negative change to underlying profitability and cash flow.

Estimates are also required with respect to the below mentioned aspects of the contract:

- Determination of stage of completion
- Estimation of project completion date
- Provisions for foreseeable losses
- Estimated total revenues and estimated total costs to completion, including claims and variations.

These are reviews at each reporting date and adjust to reflect the current best estimates

Revenue and costs in respect of contracts are recognized by reference to the stage of completion of the contract activity at the end of reporting period, measured based on proportion of contract costs incurred for work performed to the date relative to the estimated total contract costs, where this would not be representative of stage of completion. Variations in contract work and claims are included to the extent that amount can be measured reliably, and receipt is considered probable. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

### 3. Property, Plant and Equipment

Particulars	Freehold Land	Lease hold Land	Freehold Buildings/ Flats- Residential	Freehold Buildings/ Flats-Non-Res.	Plant & Machinery	Survey Instruments	Computers	Office Equipments	Furniture & Fixtures	Caravans, Camps and Temp. Sheds	Vehicles	Total
Foot Notes	(i)	(i)	(i)	(ii)	(ii)	(ii)	(ii)	(ii)	(ii)	(ii)	(ii)	(ii)
<b>Gross Carrying Amount (At Cost)</b>												
<b>As at 1st April 2019</b>	<b>42.69</b>	-	<b>6.36</b>	<b>40.66</b>	<b>77.40</b>	<b>1.84</b>	<b>6.02</b>	<b>4.04</b>	<b>3.42</b>	<b>8.31</b>	<b>3.56</b>	<b>194.30</b>
Additions	-	36.89	-	20.73	102.65	0.09	0.52	0.50	0.51	0.08	-	161.97
Disposals/Adjustments	-	-	-	-	(6.56)	(0.02)	(0.25)	(0.03)	(0.08)	(5.56)	(0.85)	(13.35)
Transfer to Asset held for sale	-	-	-	-	(0.22)	-	-	(0.03)	(0.01)	-	-	(0.26)
Exchange (Gain) / Loss	-	-	-	0.28	2.87	0.04	0.05	0.05	0.04	0.03	0.21	3.57
<b>As at 31st March 2020</b>	<b>42.69</b>	<b>36.89</b>	<b>6.36</b>	<b>61.67</b>	<b>176.14</b>	<b>1.95</b>	<b>6.34</b>	<b>4.53</b>	<b>3.88</b>	<b>2.86</b>	<b>2.92</b>	<b>346.23</b>
Additions	-	-	-	1.43	0.32	0.01	0.78	0.30	1.02	0.03	-	3.89
Disposals/Adjustments	-	-	-	(0.14)	(5.21)	(0.21)	(0.30)	(0.33)	(0.12)	-	(0.01)	(6.32)
Transfer to Asset held for sale	-	-	-	-	(0.01)	-	-	-	-	-	-	(0.01)
Exchange Gain/ Loss	-	-	-	0.06	(2.04)	(0.01)	(0.01)	(0.02)	(0.03)	(0.03)	(0.08)	(2.16)
<b>As at 31st March 2021</b>	<b>42.69</b>	<b>36.89</b>	<b>6.36</b>	<b>63.02</b>	<b>169.20</b>	<b>1.74</b>	<b>6.81</b>	<b>4.48</b>	<b>4.75</b>	<b>2.86</b>	<b>2.83</b>	<b>341.63</b>
<b>Depreciation and impairment</b>												
<b>As at 1st April 2019</b>	-	(0.01)	<b>3.35</b>	<b>13.07</b>	<b>40.97</b>	<b>0.36</b>	<b>2.78</b>	<b>1.89</b>	<b>1.16</b>	<b>6.95</b>	<b>0.88</b>	<b>71.40</b>
Depreciation charge for the year	-	-	0.19	2.29	8.32	0.18	1.09	0.64	0.32	0.50	0.41	13.95
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	(6.05)	(0.02)	(0.15)	(0.03)	(0.03)	(5.28)	(0.19)	(11.75)
Transfer to Asset held for sale	-	-	-	-	-	-	-	(0.02)	-	-	-	(0.02)
Exchange (Gain) / Loss	-	-	-	0.11	1.76	0.01	0.01	0.02	0.02	0.01	0.07	2.01
<b>As at 31st March 2020</b>	-	(0.01)	<b>3.54</b>	<b>15.47</b>	<b>45.00</b>	<b>0.53</b>	<b>3.73</b>	<b>2.50</b>	<b>1.48</b>	<b>2.18</b>	<b>1.17</b>	<b>75.59</b>
Depreciation charge for the year	-	-	0.10	3.20	11.23	0.19	1.00	0.59	0.37	0.38	0.30	17.37
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	0.01	-	-	(3.77)	(0.10)	(0.27)	(0.26)	(0.07)	-	-	(4.48)
Transfer to Asset held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Exchange (Gain) / Loss	-	-	-	0.02	(1.39)	-	(0.01)	(0.02)	(0.02)	(0.02)	(0.04)	(1.48)
<b>As at 31st March 2021</b>	-	-	<b>3.64</b>	<b>18.69</b>	<b>51.07</b>	<b>0.62</b>	<b>4.45</b>	<b>2.81</b>	<b>1.76</b>	<b>2.54</b>	<b>1.43</b>	<b>87.00</b>
<b>Net book value</b>												
<b>At 31st March 2021</b>	<b>42.69</b>	<b>36.89</b>	<b>2.72</b>	<b>44.33</b>	<b>118.13</b>	<b>1.12</b>	<b>2.36</b>	<b>1.67</b>	<b>2.99</b>	<b>0.32</b>	<b>1.40</b>	<b>254.63</b>
<b>At 31st March 2020</b>	<b>42.69</b>	<b>36.90</b>	<b>2.82</b>	<b>46.20</b>	<b>131.14</b>	<b>1.42</b>	<b>2.61</b>	<b>2.03</b>	<b>2.40</b>	<b>0.68</b>	<b>1.75</b>	<b>270.64</b>

#### Foot Notes:-

- Furniture & Fixtures includes Furnishings also.
- Carrying amount include Foreign Exchange Loss/Gain on account of PPE translation from functional currency to presentation currency.



## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 4. Capital Work in Progress

(₹ in crore)

Particulars	Amount
<b>As at 1 April 2019</b>	<b>48.06</b>
Additions (subsequent expenditure)	2.04
Capitalised during the year	(49.44)
<b>As at 31 March 2020</b>	<b>0.66</b>
Additions (subsequent expenditure)	0.01
Capitalised during the year	(0.40)
<b>As at 31 March 2021</b>	<b>0.27</b>
<b>Net Book Value</b>	
<b>At 31 March 2021</b>	<b>0.27</b>
<b>At 31 March 2020</b>	<b>0.66</b>

### 5. Investment Property

(₹ in crore)

Particulars	Noida			Gurugram		Bangalore	Total
	Land	Capital work in progress	Building	Land	Capital work in progress	Building	
<b>As at 1 April 2019</b>	<b>327.20</b>	<b>99.19</b>	<b>-</b>	<b>2.23</b>	<b>46.18</b>	<b>3.04</b>	<b>477.84</b>
Additions (subsequent expenditure)*	-	49.28	-	-	19.64	-	68.92
Capitalised during the year	-	(128.38)	128.38	-	-	-	-
Land & Building transfer to Property, Plant and Equipment (Refer Note-3)	(36.89)	(19.52)	-	-	-	-	(56.41)
<b>As at 31 March 2020</b>	<b>290.31</b>	<b>0.57</b>	<b>128.38</b>	<b>2.23</b>	<b>65.82</b>	<b>3.04</b>	<b>490.35</b>
Additions (subsequent expenditure)*	-	-	-	-	30.49	-	30.49
Derecognised during the year	-	-	(1.57)	-	-	-	(1.57)
Capitalised during the year	290.31	0.57	126.81	2.23	96.31	3.04	519.27
<b>As at 31 March 2021</b>	<b>290.31</b>	<b>0.57</b>	<b>126.81</b>	<b>2.23</b>	<b>96.31</b>	<b>3.04</b>	<b>519.27</b>
<b>Depreciation and impairment</b>							
<b>As at 1 April 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.23</b>	<b>0.23</b>
Depreciation during the year	-	-	1.06	-	-	0.04	1.10
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>1.06</b>	<b>-</b>	<b>-</b>	<b>0.27</b>	<b>1.33</b>
Depreciation during the year	-	-	6.89	-	-	0.04	6.93
<b>As at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>7.95</b>	<b>-</b>	<b>-</b>	<b>0.31</b>	<b>8.26</b>
<b>Net Block</b>							
<b>At 31 March 2021</b>	<b>290.31</b>	<b>0.57</b>	<b>118.86</b>	<b>2.23</b>	<b>96.31</b>	<b>2.73</b>	<b>511.01</b>
<b>At 31 March 2020</b>	<b>290.31</b>	<b>0.57</b>	<b>127.32</b>	<b>2.23</b>	<b>65.82</b>	<b>2.77</b>	<b>489.02</b>

### Information regarding income and expenditure of Investment property

(₹ in crore)

Particulars	31 March 2021	31 March 2020
Rental income derived from investment properties	0.41	0.39
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year	0.01	-
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the year	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### Reconciliation of fair value

(₹ in crore)

Particulars	Noida			Gurugram		Bangalore	Total
	Land	Capital work in progress	Building	Land	Capital work in progress	Building	
<b>Opening balance at 1 April 2019</b>	<b>212.12</b>	<b>102.05</b>	<b>-</b>	<b>136.84</b>	<b>58.40</b>	<b>7.14</b>	<b>516.55</b>
Capitalised during the year	-	(102.05)	102.05	-	-	-	-
<b>Fair value difference</b>	<b>16.35</b>	<b>0.57</b>	<b>25.97</b>	<b>(11.68)</b>	<b>7.79</b>	<b>(0.05)</b>	<b>38.95</b>
<b>Closing balance At 31 March 2020</b>	<b>228.47</b>	<b>0.57</b>	<b>128.02</b>		<b>66.19</b>	<b>7.09</b>	<b>555.50</b>
Additions	-	-	-	-	30.49	-	<b>30.49</b>
Derecognised	-	-	(1.57)	-	-	-	<b>(1.57)</b>
<b>Fair value difference for the year</b>	<b>(11.15)</b>	<b>(0.57)</b>	<b>(9.66)</b>	<b>(6.68)</b>	<b>(9.31)</b>	<b>0.78</b>	<b>(36.60)</b>
<b>Closing balance At 31 March 2021</b>	<b>217.32</b>	<b>-</b>	<b>116.79</b>	<b>118.48</b>	<b>87.37</b>	<b>7.87</b>	<b>547.83</b>
<b>Note:-</b>							
Fair value difference for the year	(11.15)	(0.57)	(9.66)	(6.68)	(9.31)	0.78	<b>(36.60)</b>
Investment Property self constructed	217.32	-	116.79	118.48	87.37	7.87	<b>547.83</b>
	<b>217.32</b>	<b>-</b>	<b>116.79</b>	<b>118.48</b>	<b>87.37</b>	<b>7.87</b>	<b>547.83</b>

- (i) These valuations are based on valuations performed by accredited independent valuer. Fair Values are based on *cost & income/cost/market value approach*. As per assumption made by valuer GST has not been considered for valuation purpose
- (ii) The fair value measurement is categorised in *Level 3* of fair value hierarchy.
- (iii) Investment property in Noida is at three locations having lease term of 90 years, Properties in Gurugram and Bangalore are at one location only which are freehold.

* Detail of Additions (subsequent expenditure)	As at 31st March 2021	As at 31st March 2020
	Capital work in progress	Capital work in progress
Lease Rent Paid	-	-
- Work Expenses	26.84	47.09
- Consultancy Charges	0.34	0.67
- Salary & Wages	0.70	1.56
- Rates & Taxes	0.01	2.14
- Vehicle Operation and Maintenance	0.05	0.08
- Power, Electricity and Water charges	2.38	1.41
- Advertisement & Publicity	0.01	0.09
- Bank Charges	-	0.02
- Tour & Travelling	0.01	0.02
- Misc. Operating Exp.	0.15	15.84
<b>Total</b>	<b>30.49</b>	<b>68.92</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 6. Intangible Assets

(₹ in crore)

Particulars	Intangible Assets under Development (Software)	"Other Intangibles (Software)"
<b>Gross Block</b>		
<b>As at 1 April 2019</b>	-	<b>2.09</b>
Addition during the year	9.79	0.03
Disposals / adjustment during the year	-	(0.01)
<b>As at 31 March 2020</b>	<b>9.79</b>	<b>2.11</b>
Addition during the year	-	0.02
Disposals / adjustment during the year	-	-
<b>As at 31 March 2021</b>	<b>9.79</b>	<b>2.13</b>
<b>Amortisation and Impairment</b>		
<b>As at 1 April 2019</b>	-	<b>1.19</b>
Amortisation during the year	-	0.54
Sales / adjustment during the year	-	(0.02)
<b>As at 31 March 2020</b>	-	<b>1.71</b>
Amortisation during the year	-	0.17
Sales / adjustment during the year	-	-
<b>As at 31 March 2021</b>	-	<b>1.88</b>
<b>Net book value</b>		
<b>At 31 March 2021</b>	<b>9.79</b>	<b>0.25</b>
<b>At 31 March 2020</b>	<b>9.79</b>	<b>0.40</b>

**Foot Note:**

- (i) Intangible assets under development represents capital expenditure made for acquiring SAP S4 / HANA ERP software.

### 7. Right-of-use Assets

(₹ in crore)

Particulars	Land (ii)	Building (i)	Vehicles	Total
<b>Gross Block</b>				
<b>As at 1st April 2019</b>	<b>1.25</b>	<b>5.21</b>	<b>0.04</b>	<b>6.50</b>
Addition during the year	-	-	-	-
Disposals / adjustment during the year	-	-	-	-
<b>As at 31st March, 2020</b>	<b>1.25</b>	<b>5.21</b>	<b>0.04</b>	<b>6.50</b>
Addition during the year	-	-	-	-
Disposals / adjustment during the year	-	-	-	-
<b>As at 31st March, 2021</b>	<b>1.25</b>	<b>5.21</b>	<b>0.04</b>	<b>6.50</b>
<b>Depreciation and Impairment</b>				
<b>As at 1st April 2019</b>	<b>0.05</b>	<b>0.95</b>	-	<b>1.00</b>
Depreciation during the year	0.02	0.29	0.02	<b>0.33</b>
Impairment	-	-	-	-
Disposals / adjustment during the year	-	-	-	-
<b>As at 31st March, 2020</b>	<b>0.07</b>	<b>1.24</b>	<b>0.02</b>	<b>1.33</b>
Depreciation during the year	0.04	0.31	0.02	<b>0.37</b>
Impairment	-	-	-	-
Disposals / adjustment during the year	-	-	-	-
<b>As at 31st March, 2021</b>	<b>0.11</b>	<b>1.55</b>	<b>0.04</b>	<b>1.70</b>
<b>Net Book Value</b>				
<b>At 31st March, 2021</b>	<b>1.14</b>	<b>3.66</b>	<b>0.00</b>	<b>4.80</b>
<b>At 31st March, 2020</b>	<b>1.18</b>	<b>3.97</b>	<b>0.02</b>	<b>5.17</b>

**Foot Note:**

- i) Includes lease hold building on Railways land for 30 years lease at San Martin Marg, New Delhi; Pali Hill, Mumbai & Metro Railway Service Building, Kolkata for which agreement is yet to be finalised.
- ii) Lease hold land includes land at Greater Noida Industrial Development Authority (GNIDA) for construction of proposed Central Inspection Cell (CIC) by the Company (Gross value ₹ 0.76 crore). The request for time extension for construction of Building has been submitted to the appropriate authority.

# NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

## 8. Non-Current Financial Assets

### 8.1 Non-Current Financial Assets – Investments

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>1. Investments in Equity Instruments (fully paid-up, unquoted, at cost)</b>		
<b>A) Subsidiary Companies</b>		
Ircon Infrastructure & Services Limited 6,50,00,000 equity shares of ₹ 10 each ( 31 March 2020 : 6,50,00,000)	65.00	65.00
Ircon PB Tollway Limited 16,50,00,000 equity shares of ₹ 10 each (31 March 2020 : 16,50,00,000)	165.00	165.00
Ircon Shivpuri Guna Tollway Limited 15,00,00,000 equity shares of ₹ 10 each ( 31 March 2020 : 15,00,00,000)	150.00	150.00
Ircon Vadodara Kim Expressway Limited 1,00,00,000 equity shares of ₹ 10 each ( 31 March 2020 : 1,00,00,000 equity shares) (Refer note (i) a)	135.77	135.77
Ircon Davanagere Haveri Highway Limited 16,40,50,000 equity shares of ₹ 10 each ( 31 March 2020 : 16,40,50,000 equity shares) (Refer note (i) c)	169.05	164.05
Ircon Gurgaon Rewari Highway Limited Limited 50000 equity Share of ₹ 10 each (31 March 2020: Equity Share Nil)	0.05	-
<b>Total (A) – Investment in Subsidiary Companies</b>	<b>684.87</b>	<b>679.82</b>
<b>B) Joint Venture Companies</b>		
Ircon-Soma Tollway Private Limited (ISTPL) 6,38,70,000 equity shares of ₹ 10 each fully paid. ( 31 March 2020 : 6,38,70,000) (Refer note (ii) a & b )	64.15	64.15
"Indian Railway Stations Development Corporation Limited 5,19,99,699 equity shares of ₹ 10 each ( 31 March 2020 : 3,99,99,699 equity shares) (Refer note (iii))"	52.00	40.00
Bastar Railway Pvt. Limited 7,63,37,300 equity shares of ₹ 10 each (31 March 2020 : 7,63,37,300 equity shares)	76.34	76.34
Jharkhand Central Railway Limited 1,30,00,000 equity shares of ₹ 10 each ( 31 March 2020 : 1,30,00,000) (Refer note (i) b)	63.00	63.00
Mahanadi Coal Railway Limited 13,000 equity shares of ₹ 10 each (31 March 2020 : 13,000 equity shares)	0.01	0.01
Chhattisgarh East Railway Limited 14,25,75,700 equity shares of ₹ 10 each fully paid. ( 31 March 2020 : 12,25,75,700 equity shares)	142.58	122.58
Chhattisgarh East-West Railway Limited 13,11,70,000 equity shares of ₹ 10 each fully paid. ( 31 March 2020 : 13,11,70,000 equity shares)	131.17	131.17
<b>Total (B) – Investment in Joint Venture Companies</b>	<b>529.25</b>	<b>497.25</b>
<b>2. Investment in Bonds (Quoted, at Amortised cost)</b>		
8.00% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 163,131 units of ₹ 1,000 each ( 31 March 2020 : 163,131 units)	16.31	16.31
7.21% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 500 units of ₹ 10,00,000 each ( 31 March 2020 : 500 units)	49.99	50.01
8.23% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 5,00,000 units of ₹ 1,000 each ( 31 March 2020 : 5,00,000 units)	50.00	50.00
8.35% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 500 units of ₹ 10,00,000 each ( 31 March 2020 : 500 units)	49.97	49.96
7.15% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 250 units of ₹ 10,00,000 each ( 31 March 2019 : 250 units)	25.00	24.99

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

Particulars	As at 31st March 2021	As at 31st March 2020
7.07% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 3,02,000 units of ₹ 1,000 each ( 31 March 2020 : 3,02,000 units)	30.20	30.20
7.14% NHAI Tax Free Bonds, 1,99,989 units of ₹ 1,000 each ( 31 March 2020 : 1,99,989 units)	20.00	20.00
7.02% NHAI Tax Free Bonds, 500 units of ₹ 10,00,000 each ( 31 March 2020 : 500 units)	49.99	49.98
<b>Total (2) – Investment in Bonds (Quoted)</b>	<b>291.46</b>	<b>291.45</b>
<b>Total Non – Current Investments (1+2)</b>	<b>1,505.58</b>	<b>1,468.52</b>
<b>Aggregate Book value of quoted investments</b>	<b>291.46</b>	<b>291.45</b>
<b>Aggregate Market value of quoted investments</b>	<b>343.48</b>	<b>322.13</b>
<b>Aggregate Book value of unquoted investments 1(A)+1(B)</b>	<b>1,214.12</b>	<b>1,177.07</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>-</b>	<b>-</b>

- (i) (a) BoD has approved the Equity participation (committed), not exceeding ₹ 10.00 crore in WOS, Ircon Vadodara Kim Expressway. Further, BoD has approved Interest Free Advance not exceeding ₹ 125.77 crore in WOS, Ircon Vadodara Kim Expressway.
- (b) Board of Directors have approved Interest Free Advance, of ₹ 50 crores in favour of Jharkhand Central Railway Limited (JCRL). The loan will repaid only on winding up of the Project or end of concession period which ever is later.
- (c) Includes fair value of the financial guarantee for ₹ 5.00 Crore issued by Ircon to Punjab National Bank on behalf of and in respect of term loan facility availed by IDHHL. Loan outstanding as on 31.03.2021 is ₹ 330.93 Cr. (as on 31.03.2020 Nil).
- (ii) (a) As per Articles of Association (Article V) of ISTPL, shareholders can transfer their shareholding subject to Concession Agreement dated 28th September 2005 signed with NHAI which provides for equity holding of not less than 51% by Consortium members in ISTPL during the construction period and three years following Commercial Operation Date, which was achieved on 19.04.2010. Thereafter, the aforesaid shareholding can be diluted to 26% subject to the pre-emption right of the other shareholders.
- (b) Includes fair value of the financial guarantee for ₹ 0.28 crore issued by Ircon to Punjab National Bank on behalf of and in respect of term loan facility availed by ISTPL. Loan outstanding as on 31.03.2021 is Nil (as on 31.03.2020 Nil).
- (iii) The Board of Directors of Indian Railway Stations Development Corporation Limited, a Joint Venture Company, in its meeting held on 29th September, 2020 has approved participation of Rites limited as third strategic partner / shareholder with consequent revision in the shareholding pattern among RLDA, IRCON and RITES in the ratio of 50:26:24 respectively

### 8.2 Non-Current Financial Assets – Loans

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>A. Considered Good : Secured</b>		
Staff Loans and Advances	0.13	0.12
<b>B. Considered Good : Unsecured</b>		
(i) Loans to Related Parties:		
Joint Ventures		
– Chhattisgarh East West Railway Ltd.	-	39.00
Subsidiaries		
– Ircon Shivpuri Guna Tollway Limited	490.07	540.87
– Ircon PB Tollway Limited	297.04	379.29
– Ircon Vadodara Kim Expressway Limited	571.18	181.00
– Ircon Davanagere Haveri Highway Limited	26.46	269.22
(ii) Others:		
Staff Loans & Advances *	0.30	0.18
<b>Total</b>	<b>1,385.18</b>	<b>1,409.68</b>

#### \* Details of amount due from Directors:

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Amount due from directors included in staff loans and advances	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 8.3 Non-Current Assets – Other Financial Assets

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Considered Good : Unsecured Security Deposits</b>		
– Government Departments	0.01	0.01
– Others	0.20	0.20
<b>Contract Asset:</b>		
– Retention Money with Client	57.27	112.13
– Money Withheld by Client	1.22	3.47
Fixed Deposits with original maturity of more than 12 months {refer foot note (i)}	0.01	0.01
Interest Accrued on Advances to Staff #	0.32	0.21
Recoverable from Rail Land Development Authority (RLDA) {refer foot note (ii)}	1,245.61	1,870.56
Less : Loan From Indian Railway Finance Corporation {Refer Note 18.1}	(1,230.61)	(1,845.92)
<b>Total</b>	<b>74.03</b>	<b>140.67</b>

#### # Details of amount due from Directors:

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Amount due from directors included in interest accrued on staff loans and advances	-	0.0004
<b>Total</b>	<b>-</b>	<b>0.0004</b>

#### Foot Notes:

- (i) Includes FDRs under Lien for ₹ 0.01 crore (as on 31 March 2020 : ₹ 0.01 crore).
- (ii) The Company has raised a loan from Indian Railway Finance Corporation ("IRFC") (Refer note 18.1) which in turn have been paid to Railway Land Development Authority ("RLDA") in terms of lease agreement. As per the Memorandum of understanding ("MOU") entered between RLDA and the Company, all instalments of principal and interest, as also any default or additional interest, and other costs, expenses and charges associated with the loan (or otherwise payable under or pursuant to the Loan Agreement), shall be paid by RLDA to the Company, at least five (5) days prior to their respective due date under the Loan Agreement, into such account as maybe designated by IRFC. RLDA and Ministry of railways ("MoR") shall mutually enter into appropriate arrangements for corresponding disbursement of funds from MoR to RLDA. The terms and conditions of this recoverable amount is same as in the case of the said loan. The Company shall be entitled to appoint appropriate developer(s) through open, competitive and transparent bid process for the purposes of undertaking the commercial development of the Project Site, and for the purposes thereof further sub-lease the Project Site (together with all associated Development Rights) to the developers so identified by the Company.

## 9. Deferred Tax Assets (Net)

(a) The major components of income tax expense for the year ended 31st March, 2021 and 31st March 2020 are :

(₹ in crore)

S. No.	Particulars	For the Year ended	
		31st March 2021	31st March 2020
1	<b>Statement of Profit and Loss Section</b>		
	<b>Current income tax :</b>		
	Current income tax charge	144.47	158.43
	Adjustment in respect of current tax of previous year	13.86	(26.58)
	<b>Deferred tax :</b>		
	Relating to origination and reversal of temporary differences	11.13	50.94
	<b>Income tax expense reported in the Statement of Profit and Loss Section</b>	<b>169.46</b>	<b>182.79</b>
2	<b>Other Comprehensive income (OCI) Section</b>		
	Income tax related to items recognised in OCI during in the year:		
	Net loss/(gain) on remeasurements of defined benefit plans	(0.10)	0.30
	Net loss/(gain) on exchange gain/ loss	(0.30)	(1.30)
	<b>Income tax expense reported in the OCI Section</b>	<b>(0.40)</b>	<b>(1.00)</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### (b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:

(₹ in crore)

S. No.	Particulars	For the Year ended	
		31st March 2021	31st March 2020
1	Accounting profit before income tax	572.41	668.62
2	Tax on Accounting Profit	144.06	168.28
3	Effect on Tax Adjustments:		
(i)	Adjustments in respect of current income tax of previous years	(4.40)	(26.58)
(ii)	Utilisation of previously unrecognised tax losses	-	-
(iii)	Impact of Rate Difference	-	40.46
(iv)	Tax on Income exempt from tax	(5.93)	(12.22)
(v)	Non-deductible expenses for tax purposes:		
	-Other country additional tax	32.08	9.82
	-Other non-deductible expenses	3.24	4.94
(vi)	Tax effect of various other items	-	(2.91)
		169.05	181.79
4	Income tax expense reported in the statement of profit and loss	169.05	181.79
5	Effective Tax rate	29.53%	27.19%

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

(₹ in crore)

S. No.	Particulars	Balance sheet		Statement of profit or loss	
		31st March 2021	31st March 2020	31st March 2021	31st March 2020
1	Property, plant & equipment (including intangible): Difference in book depreciation and income tax depreciation	(14.73)	(11.60)	3.14	8.77
2	Provisions	70.95	75.34	4.39	35.84
3	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	26.34	29.94	3.60	6.33
	<b>Net deferred tax Assets / (Liabilities)</b>	<b>82.56</b>	<b>93.68</b>	<b>11.13</b>	<b>50.94</b>

### (d) Reflected in the balance sheet as follows:

(₹ in crore)

S. No.	Particulars	31st March 2021	31st March 2020
1	Deferred tax assets	97.29	105.28
2	Deferred tax liability	(14.73)	(11.60)
	<b>Deferred Tax (Liabilities) /Asset (Net)</b>	<b>82.56</b>	<b>93.68</b>

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

As at 31 March 2021

(₹ in crore)

S.No.	Particulars	Balance As at 1st April 2020 (Net)	Recognised in statement of profit and loss	Recognised in OCI	Balance As at 31st March, 2021 (Net)
1	Property, Plant & Equipment (including intangible): Difference in book depreciation and income tax depreciation	(11.60)	(3.14)	-	(14.73)
2	Provisions	75.34	(4.39)	-	70.95
3	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	29.94	(3.60)	-	26.34
	<b>Net deferred tax assets / (liabilities)</b>	<b>93.68</b>	<b>(11.13)</b>	<b>-</b>	<b>82.56</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

As at 31 March 2020

(₹ in crore)

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	(2.83)	(8.77)	-	(11.60)
2	Provisions	111.18	(35.84)	-	75.34
3	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	36.27	(6.33)	-	29.94
	<b>Net deferred tax assets / (liabilities)</b>	<b>144.62</b>	<b>(50.94)</b>	-	<b>93.68</b>

#### 10. Other Non-Current Assets

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Considered Good : Unsecured</b>		
<b>Advances Other than Capital Advances</b>		
Advances to Contractors against material and machinery	28.50	113.87
Advances to Contractors, Suppliers and Others	-	0.07
Deposits with Tax Departments	-	0.17
Interest Accrued on :		
- Advances to Contractors, Suppliers & others	19.14	15.49
<b>Total</b>	<b>47.64</b>	<b>129.60</b>

#### 11. Inventories

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Raw Material (Valued at Cost or NRV whichever is lower, unless otherwise stated)		
- In Hand	22.06	30.94
- With Third Parties	44.22	26.05
- In Transit	0.47	-
Others (Scrap)	0.81	0.29
Construction Work In progress (valued at Cost)	50.04	263.39
<b>Total</b>	<b>117.60</b>	<b>320.67</b>

#### 12. Current Assets – Financial Assets

##### 12.1 Current Financial Assets – Trade Receivables

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Considered Good : Unsecured *	504.64	559.34
Considered Doubtful : Unsecured	20.48	27.18
Less : Impairment allowances for doubtful debts	(20.48)	(27.18)
<b>Total</b>	<b>504.64</b>	<b>559.34</b>

\* Includes Receivables from related parties ₹ 313.66 crore (As at 31st March 2020 : ₹ 411.35 crore) and are disclosed in Note : 33 (c) 4.1

##### 12.2 Current Financial Assets – Cash and Cash equivalents

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
Cash on hand		0.05	0.08
Cheques/drafts in hand	(i)	-	7.65
Balances with banks:			
- On current accounts		154.17	182.12
- Flexi Accounts	(ii) & (iii)	128.23	95.30
- Deposits with original maturity of less than 3 months	(ii) & (iii)	39.82	103.65
		<b>322.27</b>	<b>388.80</b>



## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 12.3 Current Financial Assets – Other Bank Balances

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
<b>Other Bank Balances</b>			
Deposits with original maturity of more than 3 months but less than 12 months	(ii) & (iii)	2,928.05	2,111.99
Dividend Distribution Account		0.14	0.07
<b>Total</b>		<b>2,928.19</b>	<b>2,112.06</b>

#### Foot Notes : – for Note 12.2 & 12.3

- (i) Includes Cheques / Drafts in hand of Nil (31st March 2020 : ₹ 7.65), encashability of which is restricted by the order of court.
- (ii) Includes Clients Fund of ₹ 2,018.35 crore (31st March 2020 : ₹ 1825.89 crore) on which interest is passed on to them.
- (iii) Includes Project Fund against trade payable ₹ 737.90 Cr.(31st March 2020: ₹ 576.85 Crore)

### 12.4 Current Financial Assets – Loans

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>A. Considered Good : Secured</b>		
Staff Loans and Advances	0.16	0.40
<b>B. Considered Good : Unsecured</b>		
(i) Loans to Related Parties:		
Subsidiaries		
– Ircon Vadodara Kim Expressway Limited	18.32	–
– Ircon Shivpuri Guna Tollway Limited	35.93	23.28
– Ircon PB Tollway Limited	38.96	37.93
(ii) Others:		
Staff Loans & Advances *	0.67	1.19
<b>Total</b>	<b>94.04</b>	<b>62.80</b>

#### \* Details of amount due from Directors:

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Amount due from directors included in staff loans and advances	–	0.0020
<b>Total</b>	<b>–</b>	<b>0.0020</b>

### 12.5 Current Assets – Other Financial Assets

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
<b>Considered Good : Unsecured</b>			
Security Deposits			
– Government Departments		12.63	17.46
– Others		132.20	133.20
Earnest Money Deposit		2.17	0.17
Fixed Deposits with Original Mat.of >12M but Rem.mat.of <12M		8.18	8.57
Interest Accrued on :			
– Advance to Staff	(i)	0.25	0.51
– Loans to Related Parties		9.35	8.15
– Advances to Rail Land Development Authority (RLDA)		160.72	212.85
Less : Interest Accrued on Loan from Indian Railway Finance Corporation	(iv)	(156.56)	(210.00)
– Deposits with Banks		28.08	32.14
– Bonds		17.82	17.86

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

Particulars	Foot Note	As at 31st March 2021		As at 31st March 2020	
Contract Asset :					
– Billable Revenue / Receivable not due	(ii) (a) & (b)	180.34		212.12	
– Construction Work in Progress (At realisable value)	(ii) (b)	153.06		161.57	
– Retention Money with Client	(iii)	97.85		14.55	
– Money Withheld by Client	(iii)	293.52	724.77	191.19	579.43
Share Application Money pending Allotment :					
"Indian Railway Stations Development Corporation Limited – 301 equity shares of ₹ 10 each ( 31 March 2020 : 301 Shares) (Refer note no. 8.1)"			–		–
Other Recoverable :					
(a) From Related Parties (Joint Ventures)					
– International Metro Civil Contractor			3.70		3.66
– Metro Tunnelling Group			4.64		4.37
– Ircon Soma Tollway Pvt. Ltd.			0.02		0.02
– Indian Railway station Development corporation Limited			0.96		0.99
– IRCON – AFCON JV			0.68		29.43
– Chhattisgarh East Railway Limited			0.20		0.60
– Bastar Railway Private Limited			0.83		0.56
– Mahanadi Coal Railway Limited			1.83		1.40
– Express Frieght Consortium			0.51		–
(b) From Related Parties (Subsidiaries)					
– Ircon Shivpuri Guna Tollway Limited			0.17		0.57
– Ircon Infrastructure & Services Limited			2.06		1.33
– Ircon PB Tollway Limited			0.70		0.32
– Ircon Vadodara Kim Expressway Limited			0.05		0.10
– Davanagere Haveri Highway Limited			0.03		0.02
– Ircon Gurgaon Rewari Highway Limited			0.13		–
(c) Recoverable from Rail Land Development Authority (RLDA)		639.95		615.31	
Less : Loan From Indian Railway Finance Corporation Ltd	(iv)	(615.31)	24.64	(615.31)	–
(d) Claims Recoverable from Clients			20.64		18.72
(e) Advance Lease Rent			0.19		0.19
(f) Others			8.07		8.75
<b>Considered Doubtful : Unsecured</b>					
<u>Security Deposits</u>					
– Government Departments			0.12		0.12
– Others			0.17		0.26
Earnest Money Deposit			0.16		0.16
Contract Asset :					
– Retention Money with Client			6.00		6.00
– Money Withheld by Client			3.16		5.68
Recoverable from Ircon Soma Tollway Pvt. Ltd.			0.05		0.05
Recoverable from Rail Land Development Authority (RLDA)			5.81		5.81
Less : Impairment allowance for doubtful other financial assets			(15.46)		(18.08)
<b>Total</b>			<b>1,009.67</b>		<b>871.37</b>

### Foot Notes :

- i) Debts due by officers of the company, firms in which any director is a partner or private company in which any director is a member except JVs and Subsidiaries are Nil (31st March 2020 Nil).

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### \* Details of amount due from Directors:

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Amount due from directors included in interest accrued on staff loans and advances	-	0.0028
<b>Total</b>	<b>-</b>	<b>0.0028</b>

- ii) (a) Includes Value of work amounting to ₹ 20.19 crore (₹ 32.78 crore) certified by client, but not billed by reporting date.  
 (b) Includes Receivables from related parties ₹ 157.34 crore (As at 31st March 2020 : ₹ 189.65 crore) and are disclosed in Note : 33 (c) 4.2 (a)
- (iii) Includes Receivables from related parties ₹ 87.93 crore (As at 31st March 2020 : ₹ 35.13 crore) and are disclosed in Note : 33 (c) 4.2 (b)
- (iv) Refer Note 21.2 and 18.1(d)

### 13. Current Assets – Current Tax Assets (Net)

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Taxes Paid including TDS & Advance Tax (Net of Provision for Tax)	9.08	7.02
<b>Current tax Assets (Net)</b>	<b>9.08</b>	<b>7.02</b>

### 14. Other Current Assets

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Considered Good : Unsecured		
Advances Other than Capital Advances		
Advances to Contractors against material and machinery	384.06	279.63
Advances to Contractors, Suppliers and Others	701.31	680.39
Advance Recoverable from:		
- Sales Tax (including TDS)	321.17	340.14
Less : Deposited under Protest	(217.05)	(218.65)
- Value Added Tax	87.75	86.94
- Goods & Services Tax	404.56	326.19
- Service Tax input credit	0.01	0.01
Security Deposits	28.72	28.72
<b>Interest Accrued on:</b>		
Deposits & Advances with Contractors, Suppliers & Others	78.10	79.67
Prepaid Expenses	7.05	2.60
Deferred CSR Expenditures	7.12	-
Fair valuation adjustment	0.01	0.01
<b>Considered Doubtful : Unsecured</b>		
Advances to Contractors, Suppliers and Others	16.99	16.93
Sales Tax (including TDS)	35.04	36.05
Others	-	-
Value Added Tax	7.18	7.18
Less: Impairment allowance for doubtful advances	(59.21)	(60.16)
<b>Total</b>	<b>1,802.81</b>	<b>1,605.65</b>

### 15. Assets held for Sale

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Assets held for disposal	0.45	0.93
<b>Total – Assets held for Sale</b>	<b>0.45</b>	<b>0.93</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

(i) Property, Plant & Equipment beyond economic repair and / or held for disposal (at lower of the realizable value and book value) :-

(₹ in crore)

Block of assets	Description of the assets	Manner and expected time of disposal	Expected (Loss) / Gain on sale of non current assets	Segment	As At 31 March 2021		As At 31 March 2020	
					Gross Block	Net Block	Gross Block	Net Block
<b>Plant and Machinery</b>								
Northern Region	Plant and Machinery (Noida Workshop)	Through e-auction like MSTC with expected time of disposal by end of year 2022	-	Domestic : PMD Division	0.78	0.05	0.78	0.05
Northern Region	Plant and Machinery (DMRC CE 6)	Through e-auction like MSTC with expected time of disposal by end of year 2022	-	Domestic	0.19	0.01	0.19	0.01
Malaysia Region	Locomotives – 4 No. (15 No.) – (5 No.) of Track Machine, 2No. (-) Hopper wagons, 10 No. (9 No.) Flat Wagons, – (2 No.) of wide base Tractors & 2 No. (-) Coaches	Open Tender	-	International	0.08	0.08	0.16	0.16
		Limited Tender	-	International	0.02	0.02	0.14	0.14
	Elect. Cahin Hoist System	Limited Tender	-	International	0.01	0.01		
Mozambique Project	Plant and Machinery		-	International	-	-	5.90	0.29
<b>Office Equipments</b>								
Malaysia Region	28 Items (-) of Office Equipments, 17 No. (-) of Airconditioners & 68 Items (-) of Electrical Appliances	Limited Tender	-	International	0.03	-	0.03	-
<b>Furniture &amp; fixtures</b>								
Malaysia Region	79 Items of Furnitures	Limited Tender	-	International	0.01	-	0.01	-
Freehold Building – Residential								
Southern Region	Freehold Building – Residential at Chennai	Open Tender	-	Domestic	0.38	0.28	0.38	0.28
<b>Total</b>					<b>1.50</b>	<b>0.45</b>	<b>7.59</b>	<b>0.93</b>

**Note :**

Property Plant & Equipment classified as Held for Sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of re-classification. Accordingly, impairment loss of ₹ 0.003 crore (31st March 2020 : 0.01) has been provided for.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 16. Equity Share capital

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Authorised Share Capital</b>		
200,00,00,000 Equity shares of ₹ 2 each (Refer note no. 16 e) (40,00,00,000 Equity shares of ₹ 10 each as at 31st March 2020)	400.00	400.00
	<b>400.00</b>	<b>400.00</b>
<b>Issued/Subscribed and Paid up Capital</b>		
47,02,57,870 Equity shares of ₹ 2 each-fully paid (Refer note no. 16(e)) (9,40,51,574 Equity shares of ₹ 10 each-fully paid as at 31st March 2020)	94.05	94.05
	<b>94.05</b>	<b>94.05</b>

#### (a) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of Share	% holding in the class	No. of Share	% holding in the class
Government of India in the name of the President of India and Government nominees (Refer Note 'e')	344,150,825	73.18%	83,878,417	89.17%

#### (b) 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

	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016
	No. of Share	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	-	-	-	-	79,184,000	-
Equity shares Buy Back	-	-	-	4,928,426	-	-
<b>Total</b>	-	-	-	<b>4,928,426</b>	<b>79,184,000</b>	-

In FY 2017-18, Department of Investment and Public Asset Management (DIPAM) had instructed the Company to buy back shares to the extent of 5% of paid up capital. Total shares proposed to be bought back was 49,41,818 in numbers at book value of these shares. Board of Directors at its 236th meeting dated 21.09.2017 approved proposal to buy back by the company of its fully paid up equity shares of ₹ 10 each not exceeding 49,41,818 shares from the existing shareholders. As on the closing date of submission of offer i.e. 04.12.2017 offer for 49,28,426 shares held by Govt. of India was received.

#### (c) Terms / Rights attached to Equity Shares :

##### (i) Voting

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

##### (ii) 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.

##### (iii) Dividend

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

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

Particulars	As at 31 March 2021		As at 31 March 2020	
	No of shares	₹ in crore	No of shares	₹ in crore
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	94,051,574	94.05	94,051,574	94.05
Add: Shares Issued during the year	-	-	-	-
Add: Increase in the Number of Share on account of Shares Split (refer note no. (e))	376,206,296	-	-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	470,257,870	94.05	94,051,574	94.05

- (e) The shareholders of Company through postal Ballot on 22nd March, 2020 have approved:
- Split the face value of one equity share from ₹ 10/- each into five equity shares of ₹ 2/- each which have been reflected at Stock exchanges w.e.f. 3rd April, 2020.
  - Amended the Capital Clause in the Memorandum of Association of the Company.
- (f) The Board of Directors of IRCON in its 268th meeting held on 5th April, 2021 had approved the proposal for issuance of 47,02,57,870 fully paid-up Bonus Shares of ₹ 2/- each in the ratio of 1:1, (i.e. issue of 1 (one) equity share for every existing 1 (one) equity share with 21st May, 2021 as the Record Date for the purpose of ascertaining the eligibility of Shareholders. The Final Listing and Trading Approvals from NSE and BSE have been received on 31st May, 2021. Post Bonus, the Paid-up Share Capital of the Company is ₹ 188,10,31,480 divided into 94,05,15,740 equity shares of ₹ 2/- each.

### 17. Other Equity

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Retained Earnings</b>	978.87	732.61
General Reserve	3,333.71	3,333.71
Capital Redemption Reserve	4.93	4.93
Other Comprehensive Income	(5.08)	(4.17)
<b>Total</b>	<b>4,312.43</b>	<b>4,067.08</b>
<b>i) Movement as per below:</b>		
<b>(a) Retained Earnings</b>		
<b>Opening Balance</b>	<b>732.61</b>	<b>517.17</b>
Transfer from surplus in statement of profit and loss	404.56	489.78
Dividend declared and paid during the year including Corporate Dividend Tax	(96.87)	(122.74)
Interim Dividend including Tax thereon	(61.13)	(152.50)
Re-measurement of defined benefit plans (net of tax)	(0.30)	0.90
Payment of Fee for increase in Authorised Capital	-	-
Payment for Buy Back of Shares	-	-
<b>Closing Balance</b>	<b>978.87</b>	<b>732.61</b>
<b>(b) General Reserve</b>		
<b>Opening and Closing Balance</b>	<b>3,333.71</b>	<b>3,333.71</b>
<b>(c) Capital Redemption Reserve</b>		
<b>Opening and Closing Balance</b>	<b>4.93</b>	<b>4.93</b>
<b>(d) Other Comprehensive Income</b>		
<b>Opening Balance</b>	<b>(4.17)</b>	<b>(0.32)</b>
Foreign Currency Translation (net of tax) during the Year	(0.91)	(3.85)
<b>Closing Balance</b>	<b>(5.08)</b>	<b>(4.17)</b>
<b>Grand Total (a+b+c+d)</b>	<b>4,312.43</b>	<b>4,067.08</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### ii) Nature and Purpose of Other Reserves:

##### (a) Retained Earnings

Retained Earnings represents the undistributed profits of the Company.

##### (b) General Reserve

General Reserve represents the statutory reserves, this is in accordance with Corporate Law wherein a portion of profit is apportioned to General Reserve. Under Companies Act, 2013, the transfer of any amount to General Reserve is at the discretion of the Company.

##### (c) Capital Redemption Reserve

The Company has created Capital Redemption Reserve out of the profits after Buy Back of shares on 26th December 2017.

##### (d) Items of Other Comprehensive Income

Other Comprehensive Income represents balance arising on account of exchange difference on translation of foreign operations.

#### iii) Dividend Distribution

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Cash dividends on equity shares declared / paid:</b>		
Final Dividend of FY 2019-20 paid during 2020-21: ₹ 2.06 per share (Paid during FY 2019-20: ₹ 2.165 per share) (Refer Note 16 e)	96.87	101.81
Dividend distribution tax final dividend	-	20.93
Interim dividend paid during 2020-21: ₹ 1.30 per share (FY 2019-20: ₹ 2.69 per share) (Refer Note 16 e)	61.13	126.50
<b>Dividend distribution tax on interim dividend</b>	-	26.00
<b>Total</b>	<b>158.00</b>	<b>275.24</b>

#### iv) Dividends not recognised at the end of the reporting year

Final dividend recommended by the Board of Directors, subject to the approval of shareholders in the ensuing Annual General Meeting :

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Cash dividends on equity shares declared / paid:</b>		
Dividend for 31 March 2021: ₹ 1.32 per share (31 March 2020: ₹ 1.03 per share) Re-estimated based on Bonus Issue Ref. Note 16 (e) and 16 (f)	124.15*	96.87
<b>Total</b>	<b>124.15</b>	<b>96.87</b>

\*In its subsequent meeting, the Board of Directors has revised the final dividend for FY 2020-21 to ₹ 1.70 per equity share on face value of ₹ 2/- per share, accordingly the total dividend payable is ₹ 159.89 Crore.

## 18. Non-Current Liabilities – Financial Liabilities

### 18.1 Non-Current Financial Liabilities – Borrowings

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Unsecured:</b>		
Loan From Indian Railway Finance Corporation Limited {Refer Note below}	1,230.61	1,845.92
Less: Recoverable from Rail Land Development Authority (RLDA) {Refer Note 8.3}	(1,230.61)	(1,845.92)
<b>Total</b>	<b>-</b>	<b>-</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Notes :

#### (a) Terms and Conditions of the unsecured Loan :

The Company has raised a loan from Indian Railway Finance Corporation Limited ("IRFC") which in turn have been paid to Railway Land Development Authority ("RLDA") in terms of lease agreement. As per the Memorandum of understanding ("MOU") entered between RLDA and the Company, all instalments of principal and interest, as also any default or additional interest, and other costs, expenses and charges associated with the loan (or otherwise payable under or pursuant to the Loan Agreement), shall be paid by RLDA to the Company. The repayment of principal of the Loan Amount shall be made in 5 (five) equal instalments commencing from April 15, 2019. [Refer note 8.3 (Foot note (ii))].

#### (b) Rate of Interest :

- (i) The Company will pay interest on the principal amount of the Loan advanced and outstanding from time to time, at the rate of 8.77% (Eight point seven seven percent) per annum ("Applicable Interest rate") (exclusive of applicable interest tax, service tax and / or any such other taxes / levies / duties). such taxes / levies / duties, if any, applicable, shall be payable (in the same manner and time as the principal and interest) by the Borrower to the Lender over and above the rates specified above.
- (ii) The Applicable Interest Rate shall be fixed for currency of loan term.

#### (c) Termination of the Memorandum of Understanding (MOU)

Upon the occurrence of certain identified events the MOU would stand terminated, whereupon Ircon would be substituted by such entity as agreed to between IRFC, Ircon, RLDA & Ministry of Railways (MoR). MoR would be entitled to pre pay the entire outstanding under the Loan Agreement on termination of this agreement.

#### (d) Offsetting the Loan from IRFC and Recoverable from RLDA

As per para 2.4 of the Memorandum of understanding ("MOU") entered between RLDA and the Company, all instalments of principal and interest, as also any default or additional interest, and other costs, expenses and charges associated with the loan (or otherwise payable under or pursuant to the Loan Agreement), shall be paid by RLDA to the Company. Company has a legally enforceable right to set off the loan liability regarding IRFC and recoverable from RLDA as per MOU and have the financial arrangement to settle the loan from IRFC with the proceeds realised from RLDA simultaneously. Accordingly, as per provision of Ind AS-32 amount recoverable from RLDA and loan from IRFC has been offset and the net amount presented in the balance sheet.

### 18.2 Non-Current Financial Liabilities – Trade Payables

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>(A) Micro, Small &amp; Medium Enterprises</b>	-	-
(B) Other than Micro, Small & Medium Enterprises		
(i) Contractor & Suppliers	-	-
<b>Total</b>	-	-

#### Notes:

- a) Disclosures as required under Companies Act, 2013 / Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) are provided in Note 43.
- b) Terms and Conditions and other balances with related parties are disclosed in Note 33.

### 18.3 Non-Current Liabilities – Other Financial Liabilities

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Deposits and Retention money	261.59	379.78
Financial Guarantee Contract	4.44	-
Amount Payable to Client	0.23	0.24
Interest Payable on Advance from Client	-	-
Lease Liability	0.15	0.14
<b>Total</b>	<b>266.41</b>	<b>380.16</b>



## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 19. Provisions

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
Provision for Employee Benefits	19.1	94.66	108.93
Other Provisions	19.2	186.63	193.80
<b>Total</b>		<b>281.29</b>	<b>302.73</b>
Current		202.18	224.07
Non Current		79.11	78.66

#### 19.1 Provision for Employee Benefits :

- The provisions are created for the purpose of leave encashment, settlement allowance, post retirement medical benefits, performance related pay and leave travel concession.
- Disclosures as per Ind AS 19 'Employee benefits' are provided in Note .
- Movement in the carrying value of Provisions for Employee Benefits are provided as below:

(₹ in crore)

Particulars	* Leave Salary	Settlement Allowance on Retirement	Post Retirement Medical Benefits	Performance Related Pay	Leave Travel Concession	Total
<b>As at 31-March-2020</b>	<b>68.30</b>	<b>1.28</b>	<b>10.45</b>	<b>28.78</b>	<b>0.12</b>	<b>108.93</b>
Current	8.51	0.18	10.45	28.78	0.01	47.93
Non Current	59.79	1.10	-	-	0.11	61.00
Provision made during the year	8.09	0.16	4.72	11.70	0.01	24.68
Less: Utilization during the year	(6.53)	(0.03)	(10.45)	(19.51)	(0.01)	(36.53)
Less: Write Back during the year	-	-	-	(2.15)	(0.01)	(2.16)
(Exchange Gain) / Loss	(0.12)	(0.14)	-	-	-	( 0.26)
<b>As at 31-March-2021</b>	<b>69.74</b>	<b>1.27</b>	<b>4.72</b>	<b>18.82</b>	<b>0.11</b>	<b>94.66</b>
Current	8.31	0.16	4.72	18.82	0.02	32.03
Non Current	61.43	1.11	-	-	0.09	62.63

\* Includes ₹ 1.38 crore for employees posted on Foreign Projects on which Leave Salary Provision has been made on actual basis.

#### 19.2 Other Provisions :

Disclosures as per Ind AS 37 regarding nature of provisions and movements in provisions are as follows :

##### a) Demobilisation Provisions

The Company has made provision for demobilisation to meet the expenditure towards Demobilisation of Manpower and Plant & Equipment in respect of foreign projects.

##### b) Maintenance Provisions

In Cost Plus contract, no provision for maintenance is required to be made where cost is reimbursable.

Item Rate and Lump Sum turnkey contracts, provision is made for maintenance to cover company's liability during defect liability period keeping into consideration the contractual obligations, obligations of the sub-contractor, operating turnover and other relevant factors.

##### c) Legal Cases

Provision for legal cases represents liabilities that are expected to materialise in respect of matters in courts, arbitrations and appeal.

##### d) Provisions for Other Expenses

Provision for other expenses represents expected liabilities in respect of indirect taxes and others.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

(₹ in crore)

Particulars	Demobilisation	Maintenance	Legal Cases	Other Expenses	Total
<b>As at 31-March-2020</b>	<b>14.01</b>	<b>42.48</b>	<b>45.18</b>	<b>92.13</b>	<b>193.80</b>
Current	12.76	26.07	45.18	92.13	176.14
Non Current	1.25	16.41	-	-	17.66
Provision made during the year	0.04	3.42	16.88	4.08	24.42
Less: Utilization during the year	(0.01)	(3.62)	(2.56)	(12.43)	(18.62)
Less: Write Back during the year	(0.13)	(1.95)	(1.41)	(9.92)	(13.41)
(Exchange Gain) / Loss	(0.39)	(0.95)	-	0.56	(0.78)
Unwinding of discount	0.02	1.20	-	-	1.22
<b>As at 31-March-2021</b>	<b>13.54</b>	<b>40.58</b>	<b>58.09</b>	<b>74.42</b>	<b>186.63</b>
Current	12.46	25.18	58.09	74.42	170.15
Non Current	1.08	15.40	-	-	16.48

### 20. Other Non- Current Liabilities

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Contract Liability		
Advance from clients	333.50	267.88
<b>Total</b>	<b>333.50</b>	<b>267.88</b>

#### Notes:

Terms and Conditions and other balances with related parties are disclosed in Note 33.

### 21. Current Liabilities – Financial Liabilities

#### 21.1 Current Financial Liabilities – Trade Payables

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
(A) Micro, Small & Medium Enterprises	6.11	4.28
(B) Other than Micro, Small & Medium Enterprises		
(i) Contractor & Suppliers	731.56	571.67
(ii) Related Parties	0.23	0.90
<b>Total</b>	<b>737.90</b>	<b>576.85</b>

#### Notes:

- Disclosures as required under Companies Act, 2013 / Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) are provided in Note 43.
- Terms and Conditions and other balances with related parties are disclosed in Note 33.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 21.2 Current Liabilities – Other Financial Liabilities

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
"Current Maturities of Long-Term Debt : Loan From Indian Railway Finance Corporation Limited"	615.31	615.31
Less : Recoverable from Rail Land Development Authority (RLDA) (i)	(615.31)	(615.31)
Interest Accrued on Loan from Indian Railway Finance Corporation Limited	156.56	210.00
Less : Advances to Rail Land Development Authority (RLDA) (i)	(156.56)	(210.00)
Gratuity Payable	4.72	3.32
Deposits, Retention money and Money Withheld	1,101.65	944.81
Financial Guarantee Contract	0.44	-
Amount Payable to Client	793.55	671.46
Interest Payable on Advance from Client	278.22	251.28
Other Payables (including Staff Payable)	205.30	226.20
Lease Liability	0.01	0.03
<b>Total</b>	<b>2,383.90</b>	<b>2,097.10</b>

(i) Refer Note 12.5 (c) and 18.1 (d)

### 22. Other Current Liabilities

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>a) Contract Liability</b>		
Advance from clients	1,943.75	1,927.63
Less: Deposits under protest	(217.05)	(218.65)
Advance contract receipts	243.38	263.78
<b>b) Others</b>		
Statutory dues	202.95	155.83
<b>Total</b>	<b>2,173.03</b>	<b>2,128.59</b>

**Notes:**

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

### 23. Current Tax Liability (Net)

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Provision for tax (Net of Advance Tax) (Refer Note no. 47(a))	81.98	32.03
<b>Total</b>	<b>81.98</b>	<b>32.03</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 24. Revenue from Operations

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Contract Revenue	4,931.44	5,170.94
Company's share of turnover in Integrated Joint operations (unincorporated)	0.51	-
Machinery Hire Charges	3.75	16.66
Other Operating Revenue	12.07	14.46
<b>Total</b>	<b>4,947.77</b>	<b>5,202.06</b>

### 25. Other Income

(₹ in crore)

	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Interest Income :</b>		
Interest on Tax Free Bonds	22.04	22.10
Interest on Staff Advances	0.11	0.10
Interest on Loan to Related Parties *	79.74	100.17
Interest on Other Advances/Claims	72.39	26.33
Less:- Other Interest Passed to Clients	(21.89)	(9.35)
Interest Income on Unwinding of Financial Instruments	-	0.14
Bank Interest Gross	109.50	163.74
Less:- Bank Interest Passed to Clients	(55.15)	(110.78)
Amortisation of Financial Instruments	0.11	-
<b>Others :</b>		
Profit on Sale of Assets	3.83	29.00
Profit on Sale of Mutual Funds	2.36	0.96
Less:-Profit on Sale of Mutual Fund Passed to Clients	(0.35)	-
Miscellaneous Income #	24.12	13.25
Less:-Insurance Claim Passed on	(1.27)	-
Dividend Income	-	6.15
Less:-Dividend Passed to Clients	-	(2.15)
Dividend from JVs	17.00	-
<b>Total</b>	<b>252.54</b>	<b>239.66</b>

# Include Co.Shares of other Income of JCE ₹ 0.43 Cr (31.03.2020 ₹ 0.39 Cr.)

#### \* Interest on Loan to Related Parties:

Particulars of Related Parties	2020-21	2019-20
- Chhattisgarh East-West Railway Limited	1.81	3.61
- Iacon Shivpuri Guna Tollway Limited	41.51	52.81
- Iacon Davanagere Haveri Highway Limited	18.70	17.51
- Iacon Vadodara Kim Expressway Limited	17.73	6.30
- Iacon PB Tollway Limited	-	19.94
	<b>79.75</b>	<b>100.17</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 26. (i) Materials and Stores consumed

(₹ in crore)

Particulars	Foot Note	For the year ended 31st March 2021		For the year ended 31st March 2020	
Opening Balance		57.28		54.77	
Add: Purchases during the year	(i)	376.45		352.22	
		433.45		406.99	
Less: Closing Balance		(67.10)	366.63	(57.28)	349.71
<b>Total</b>		<b>366.63</b>		<b>349.71</b>	

(i) Includes Exchange gain/ (loss) of Ind AS for ₹ (0.38) crore (31st March 2020 : ₹ (1.70) crore).

### 26. (ii) (Increase) / Decrease in WIP

(₹ in crore)

	For the year ended 31st March 2021		For the year ended 31st March 2020	
Opening Balance	263.38		277.17	
Add: Adjustments during the year for Exchange gain/ (loss)	(1.57)		2.10	
	261.81		279.27	
Less: Closing Balance	(50.04)	211.77	(263.38)	15.89
<b>Total</b>	<b>211.77</b>		<b>15.89</b>	

### 26. (iii) Project and other expenses

(₹ in crore)

Particulars	Foot Note	Project Expenses		Other Expenses	
		For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Work Expenses	(i)	3,637.25	3,942.13	-	-
Design, Drawing, Business Development & Consultancy Charges		5.77	3.62	-	-
Inspection, Geo Technical Investigation & Survey Exp. Etc.		21.10	16.77	-	-
Repairs and Maintenance of Machinery		7.09	4.77	-	-
Hire Charges of Machinery		8.49	9.04	-	-
Exchange Fluctuation Loss		-	-	12.13	17.75
Less:- Exchange Fluctuation Gain		-	-	(4.29)	(17.54)
Net Exchange Fluctuation Loss		-	-	7.84	0.21
Rent - Non-residential		4.22	5.44	0.76	1.36
Rates and Taxes		25.13	32.13	1.61	0.98
Vehicle Operation and Maintenance		8.72	12.84	1.49	1.47

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

Particulars	Foot Note	Project Expenses		Other Expenses	
		For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Repairs and Maintenance					
- Building		0.18	0.04	0.73	0.91
- Office and Others		2.52	3.22	4.65	5.03
Power, Electricity and Water charges		3.75	2.65	1.48	1.76
Insurance		5.19	3.92	0.41	0.45
Travelling & Conveyance		2.91	12.12	0.66	2.00
Printing & Stationery		0.79	1.11	0.50	0.80
Postage, Telephone & Telex		1.12	1.44	0.36	0.52
Legal & Professional charges		14.76	20.62	6.19	5.82
Security Services		1.60	1.61	0.77	0.68
Listing Expenses		-	-	0.14	0.23
Business promotion		0.08	1.19	0.27	0.97
Write-off of :					
- Debts		-	-	-	-
- Advances		0.06	-	-	-
- Other Assets		0.47	0.04	-	-
Loss on sale of Assets / Stores		-	-	0.08	0.55
Director sitting fee		-	-	0.10	0.21
Donation		-	-	-	0.02
Auditors Remuneration	(iv)	-	-	0.60	0.70
Advertisement & Publicity		-	-	2.36	4.03
Training & Recruitment		-	-	0.07	1.22
Corporate Social Responsibility (Refer Note 44)		-	-	10.27	10.04
Miscellaneous expenses		2.92	5.96	1.37	1.92
Proportionate share of expenses in Integrated Joint operations (unincorporated)		0.03	0.22	-	-
Provisions (Addition - Write Back) (Refer Note 19) & Foot Note (ii)		0.98	16.27	-	-
Provisions Utilised (Refer Note 19) & Foot note (iii)		(18.85)	(39.09)	-	-
<b>Total</b>		<b>3,736.28</b>	<b>4,057.06</b>	<b>42.71</b>	<b>41.88</b>

### Foot Note:-

- (i) Includes write back / reversal of Agency Commission during the financial year 2019-2020, payable for foreign projects for an amount of ₹ 84.13 crore.
- (ii) Includes ₹ (10.03) Cr.(F.Y. 2019-20:- ₹ 10.46 Cr.) Provisions Addition-Write back against Doubtful Advance & Debts
- (iii) Includes ₹ 0.23 Cr.(F.Y.2019-20 ₹ 0.01Cr.) against Doubtful Advance
- (iv) Payment to Statutory Auditors:

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Audit Fee – current year	0.30	0.30
(b) Tax Audit Fees – current year	0.09	0.09
(c) Fee for Quarterly Limited Review	0.17	0.17
(d) Certification Fees	0.03	0.07
(e) Travelling & out of pocket expenses:		
– Travelling Expenses	0.01	0.02
– Out of Pocket Expenses	0.01	0.05
<b>Total</b>	<b>0.61</b>	<b>0.70</b>

### 27. Employee Remuneration and Benefits

(₹ in crore)

Particulars	Foot Note	For the year ended 31st March 2021			For the year ended 31st March 2020		
		Project Expenses	Other Expenses	Total	Project Expenses	Other Expenses	Total
Salaries, Wages and Bonus	(i)	137.99	51.24	189.23	145.28	69.30	214.58
Contribution to Provident and Other Funds		8.10	5.04	13.14	8.46	3.90	12.36
Foreign Service Contribution		0.82	0.79	1.61	0.97	0.92	1.89
Retirement Benefits		17.15	6.83	23.98	17.29	13.58	30.87
Staff Welfare		1.14	0.23	1.37	1.30	0.37	1.67
<b>Total</b>		<b>165.20</b>	<b>64.13</b>	<b>229.33</b>	<b>173.30</b>	<b>88.07</b>	<b>261.37</b>

#### Foot Notes:-

(i) Includes income-tax on non-monetary perks ₹ 0.50 crore ( 31st March 2020 : ₹ 0.51 crore).

### 28. Finance Costs

(₹ in crore)

Particulars	Foot Note	For the year ended 31st March 2021	For the year ended 31st March 2020
Interest Expense	(i)	170.34	238.75
Less: Interest on Advance to Rail Land Development Authority (RLDA)		<u>(164.81)</u> 5.53	<u>(220.35)</u> 18.40
Other Borrowing Cost			
– Bank Guarantee & Other Charges		7.97	7.50
Interest Cost on Lease Liability		0.01	–
Amortisation of Financial Instruments		–	0.14
Unwinding of Discount on Provisions		1.22	1.27
<b>Total</b>		<b>14.73</b>	<b>27.31</b>

#### Foot Notes:-

(i) Includes interest on income-tax ₹ 1.21 crore (31st March 2020 : ₹ 6.66 Crore).

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 29. Depreciation, Amortisation and Impairment

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Depreciation of Property, Plant and equipment	17.37	13.95
Depreciation of Right to Use – Lease Assets	0.37	0.33
Amortization of Intangible Assets	0.17	0.54
Depreciation of Investment Property	6.93	1.10
Impairment of Assets	-	0.01
<b>Total</b>	<b>24.84</b>	<b>15.93</b>

### 30. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Remeasurement Gain/(Loss) on Defined Benefit Plans	(0.40)	1.20
Income Tax relating to Items that will not be reclassified to profit or loss	0.10	(0.30)
<b>Total</b>	<b>(0.30)</b>	<b>0.90</b>

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Foreign Exchange Translation Differences	(1.21)	(5.15)
Income Tax relating to Items that will be reclassified to profit or loss	0.30	1.30
<b>Total</b>	<b>(0.91)</b>	<b>(3.85)</b>
<b>Grand Total</b>	<b>(1.21)</b>	<b>(2.95)</b>

**Note: – 31**

#### 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



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

a) The carrying values and fair values of financial instruments by categories as at 31 March, 2021 are as follows:

(₹ in crore)

Particulars	Fair Value			
	Carrying Value	Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss ('FVTPL')</b>				
Investment in Mutual Funds	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Assets at Amortized Cost</b>				
(i) Investments				
Investments in Tax Free Bonds	291.46	-	-	291.46
(ii) Loans	1,479.22	-	-	1,479.22
(iii) Other Financial Assets	1,083.70	-	-	1,083.70
<b>Total</b>	<b>2,854.38</b>	<b>-</b>	<b>-</b>	<b>2,854.38</b>

(₹ in crore)

Particulars	Fair Value			
	Carrying Value	Level 1	Level 2	Level 3
<b>Financial Liabilities at Amortized Cost</b>				
(i) Borrowings	-	-	-	-
(ii) Other Financial Liabilities	2,650.31	-	-	2,650.31
<b>Total</b>	<b>2,650.31</b>	<b>-</b>	<b>-</b>	<b>2,650.31</b>

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

(₹ in crore)

Particulars	Fair Value			
	Carrying Value	Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss ('FVTPL')</b>				
Investment in Mutual Funds	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Assets at Amortized Cost</b>				
(i) Investments				
Investments in Tax Free Bonds	291.45	-	-	291.45
(ii) Loans	1,472.48	-	-	1,472.48
(iii) Other Financial Assets	1,012.04	-	-	1,012.04
<b>Total</b>	<b>2,775.97</b>	<b>-</b>	<b>-</b>	<b>2,775.97</b>

(₹ in crore)

Particulars	Fair Value			
	Carrying Value	Level 1	Level 2	Level 3
<b>Financial Liabilities at Amortized Cost</b>				
(i) Borrowings	-	-	-	-
(ii) Other Financial Liabilities	2,477.26	-	-	2,477.26
<b>Total</b>	<b>2,477.26</b>	<b>-</b>	<b>-</b>	<b>2,477.26</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts 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) Investment in subsidiaries and joint ventures are classified as equity investments have been accounted at historical cost. since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above.

\* During the financial year 2020-21 and 2019-20, 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 comprise borrowings, trade, lease liability and other payables. The Company's principal financial assets include loans to related parties, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company also holds investment in mutual funds and tax free bonds. 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) Foreign Currency Risk

The Company operates internationally and is exposed to insignificant foreign currency risk (since receipts & payments in foreign currency are generally matched) arising from foreign currency transactions, primarily with respect to the US \$, EURO, BDT, DZD, LKR, BTN, and ZAR. Significant foreign currency risk of group are naturally hedged.

As of March 31, 2021 and March 31, 2020, every 5% increase or decrease of the respective foreign currency would impact our profit before tax by approximately ₹ 16.88 crore and ₹ 16.27 crore respectively.

The Company's significant exposure to foreign currency risk at the end of reporting period are as follows:

#### As at 31 March 2021

(₹ in crore)

Particulars	USD	EURO	DZD	BDT	BTN	LKR	MYR	ZAR	Total
<b>Assets</b>									
Trade Receivables	36.47	0.07	47.27	-	-	-	1.23	-	85.04
Cash & Bank Balances	22.01	48.11	14.37	5.71	-	4.20	4.48	0.07	98.95
Advance to Contractors	3.30	0.39	-	5.84	-	-	-	-	9.53
Other Assets	155.86	-	143.33	70.38	-	3.51	20.46	18.37	411.91
<b>Total</b>	<b>217.64</b>	<b>48.57</b>	<b>204.97</b>	<b>81.93</b>	<b>-</b>	<b>7.71</b>	<b>26.17</b>	<b>18.44</b>	<b>605.43</b>
<b>Liabilities</b>									
Trade Payables	2.08	0.22	23.22	3.78	-	9.35	0.06	-	38.71
Advance from Client	31.21	7.48	-	-	-	-	0.57	-	39.26
Other Liabilities	12.55	-	110.39	24.13	-	8.78	0.93	33.04	189.82
<b>Total</b>	<b>45.84</b>	<b>7.70</b>	<b>133.61</b>	<b>27.91</b>	<b>-</b>	<b>18.13</b>	<b>1.56</b>	<b>33.04</b>	<b>267.79</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

As at 31 March 2020

Particulars	USD	EURO	DZD	BDT	BTN	LKR	MYR	ZAR	Total
<b>Assets</b>									
Trade Receivables	27.34	0.32	21.37	-	-	-	1.68	-	50.71
Cash & Bank Balances	44.23	60.42	74.19	-	-	13.30	24.64	15.70	232.48
Advance to Contractors	1.51	-	0.70	24.42	-	-	-	-	26.63
Other Assets	109.21	-	71.24	112.63	-	0.93	0.61	15.81	310.43
<b>Total</b>	<b>182.29</b>	<b>60.74</b>	<b>167.50</b>	<b>137.05</b>	<b>-</b>	<b>14.23</b>	<b>26.93</b>	<b>31.51</b>	<b>620.25</b>
<b>Liabilities</b>									
Trade Payables	43.84	8.43	35.47	7.94	-	9.45	0.99	-	106.12
Advance from Client	78.48	-	-	-	-	-	0.26	-	78.74
Other Liabilities	10.40	1.45	49.71	-	-	0.96	1.96	45.53	110.01
<b>Total</b>	<b>132.72</b>	<b>9.88</b>	<b>85.18</b>	<b>7.94</b>	<b>-</b>	<b>10.41</b>	<b>3.21</b>	<b>45.53</b>	<b>294.87</b>

### (ii) 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 tax free bonds and deposits with banks. Interest rate risk on these financial instruments are very low as interest rate is fixed for the period of financial instruments. Also, the Company does not have any interest risk on loans / borrowings as it bears fixed rate of interest.

### b) Credit Risk

The Company's customer profile include Ministry of Railways, Public Sector Enterprises, State Owned Companies in India and abroad. 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.

The Company is exposed to credit risk for guarantees given. The Company's maximum exposure in this respect is the maximum amount the Company may have to pay if the guarantee is called on (see Note 37). Based on expectations at the end of the reporting period, the Company considers that it is more likely that such an amount will not be payable under the arrangement.

### 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

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Financial Assets for which allowance is measured using Lifetime Expected Credit Losses (LECL)</b>		
Non Current Investments	1,505.58	1,468.52
Non Current Loans	1,385.18	1,409.68
Other Non Current Financial Assets	15.54	25.07
Current Investments	-	-
Cash and Cash Equivalents	322.27	388.80
Other Bank Balances	2,928.19	2,112.06
Current Loans	94.04	62.80
Other Current Financial Assets	291.21	298.34
<b>Financial Assets for which allowance is measured using Simplified Approach</b>		
Trade Receivables	525.12	586.52
Contract Assets	792.42	706.71

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Summary of change in loss allowances measured using Simplified approach

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening Allowances	38.86	39.01
Provided during the year	-	-
Utilization during the year	-	-
Amount written-off	(9.23)	(0.15)
<b>Closing Allowances</b>	<b>29.63</b>	<b>38.86</b>

During the year, the Company has recognised loss allowance of Nil (31 March, 2020 : Nil ).

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

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Opening Allowances	6.40	0.46
Provided during the year	-	5.94
Utilization during the year	-	(0.01)
Amount written-off	(0.09)	-
(Exchange Gain) / Loss	-	0.01
<b>Closing Allowances</b>	<b>6.31</b>	<b>6.40</b>

No significant changes in estimation techniques or assumptions were made during the reporting period.

During the year, the Company has recognised loss allowance of Nil (31 March, 2020 : ₹ 5.94 crore ).

#### 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 Company typically invests in government of India debt bonds and mutual funds. The policy requires investments generally to be investment grade, with the primary objective of minimising the potential risk of principal loss.

The NHAI bonds bear a fixed rate of interest thus they are not affected by the change in bond yield rates and the mutual funds are highly liquid assets which are paid out monthly and re-invested.

The table below provides details regarding the significant financial liabilities as at 31 March 2021 and 31 March 2020

(₹ in crore)

Particulars	As at 31 March, 2021		
	Less than 1 Year	1-2 years	2 Years and above
Borrowings	-	-	-
Trade payables	737.90	-	-
Other financial liabilities	2,383.90	266.41	-

Particulars	As at 31 March, 2020		
	Less than 1 Year	1-2 years	2 Years and above
Borrowings	-	-	-
Trade payables	576.85	-	-
Other financial liabilities	2,097.10	380.16	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 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.

(₹ in crore)

Particulars	For the year ended	
	31st March 2021	31st March 2020
Revenue from top 5 Projects	2,785.48	2,781.59
	2,785.48	2,781.59

#### 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 :-

(₹ in crore)

Particulars	For the year ended	
	31st March 2021	31st March 2020
Dividend Paid	158.00	228.31
<b>Total</b>	<b>158.00</b>	<b>228.31</b>

The BoD has recommended a final Dividend of ₹ 1.32 per equity share on face value of ₹ 2/- per equity share for the financial year 2020-21, subject to the approval of the shareholders at the AGM. This is in addition to Interim Dividend paid @ 1.30 per Share on face value of ₹ 2/- per equity share.

In its subsequent meeting, the Board of Directors has revised the final dividend for FY 2020-21 to ₹ 1.70 per equity share on face value of ₹ 2/- per share, accordingly the total dividend payable is ₹ 159.89 Crore.

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

Consequent upon Govt. of India decision to disinvest 99,05,157 number of shares of the company, shares of the company were listed on NSE and BSE on 28th September 2018 and the proceeds have been realized by Govt. of India.

### 32. Employee Benefits

Disclosures in compliance with Ind AS 19 "Employee Benefits" are as under:

#### (i) Defined Contribution Plans – General Description

##### Pension

The Company has implemented IRCON Defined Contribution Superannuation Pension Scheme, 2009 i.e. April 01, 2009, for all regular employees drawing pay in IDA scale irrespective of their length of service except for those employees who joined before January 01, 2017 but would superannuate/resign after January 01, 2017, before completing 15 years of service, in such case Employer contribution towards pension would be effective from January 01, 2017 only. The scheme is managed by a Separate Trust formed in the year 2015-16 for this purpose and approved by the Income Tax Authorities. Company's share of contribution amounting to ₹ 9.02 crore (₹ 8.97 crore) for the period from April 01, 2020 to March 31, 2021 has been paid and accounted for during the period 2020-21.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### (ii) Defined Benefit Plans – General Description

##### Provident fund

The Company pays fixed contribution of Provident Fund at a pre-determined rate to a separate trust (IRCON Contributory Provident Fund Trust), which invests the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The trust is approved by the Income Tax Authorities. The amount available in the fund including the returns on investment is greater than the obligation of the company. During the period, the Company has contributed ₹ 13.14 crore (₹ 12.36 crore) to the trust.

##### Gratuity

The Company has implemented IRCON Employees Group Gratuity Scheme to provide financial assistance to the employees of the Company as a social security measure on the termination of their employment due to superannuation, retirement, resignation, physical incapacitation or death. The scheme is managed by a separate trust formed in the year 2015-16 for this purpose and approved by the Income Tax Authorities. Funds of the Trust are managed by LIC of India. As at March 31, 2021 a liability of ₹ 4.72 crore (₹ 3.32 crore) has been booked in the books of accounts based on the actuarial valuation.

##### Post retirement medical facility (PRMF)

The Company had established an irrevocable trust by initial one-time contribution of ₹ 12.00 crore during the year 2000-01 for providing annuity, medical and other benefits to the spouse of employees who die in harness as also the medical benefits to the employees (and spouse) who superannuate from the Company. This being a voluntary welfare measure, the Company is not liable for providing such benefits to its employees. However, Company has also kept provision of ₹ 4.72 crore (₹ 10.45 crore), based on the decision of management.

##### Other Retirement benefits – General Description

Other retirement benefits include settlement at home-town or to the place where he/she or his/her family intends to settle in India including Baggage Allowance. The liability on this account is recognized on the basis of actuarial valuation.

The summarised position of various employee benefits recognised in the statement of profit and loss and balance sheet as on March 31, 2021 is as under:

#### i) Changes in the present value of the defined benefit obligation are during

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
<b>Defined benefit obligation at the beginning of the period</b>	<b>380.23</b>	<b>341.76</b>	<b>85.71</b>	<b>83.69</b>	<b>110.96</b>	<b>101.20</b>	<b>1.28</b>	<b>1.28</b>
Current service cost	43.56	43.39	3.96	4.13	3.98	3.57	0.07	0.07
Past service cost	-	-	-	-	-	-	-	-
Interest cost	31.97	29.60	5.93	6.28	7.68	7.59	0.09	0.10
Benefits paid	(46.92)	(36.32)	(15.90)	(7.31)	(3.05)	(2.95)	(0.03)	(0.07)
Actuarial (gain) / loss on obligations	0.40	1.80	0.42	(1.09)	9.16	1.56	(0.13)	(0.09)
<b>Defined benefit obligation at the end of the period</b>	<b>409.24</b>	<b>380.23</b>	<b>80.11</b>	<b>85.71</b>	<b>128.73</b>	<b>110.96</b>	<b>1.27</b>	<b>1.28</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### ii) Changes in fair value of plan assets

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
<b>Fair value of plan assets at the beginning of the period</b>	<b>380.47</b>	<b>345.51</b>	<b>82.39</b>	<b>79.69</b>	<b>91.07</b>	<b>83.52</b>	-	-
Contribution by employer & employee	43.56	43.39	3.32	4.01	10.45	4.49	-	-
Benefits paid	(46.92)	(36.32)	(15.90)	(7.31)	(3.05)	(2.95)	-	-
Interest income	33.51	27.89	5.94	6.35	6.00	6.01	-	-
Return on plan asset excluding interest income	-	-	-	-	-	-	-	-
LIC mortality charges	-	-	-	(0.36)	-	-	-	-
<b>Fair value of plan assets at the end of the period</b>	<b>410.62</b>	<b>380.47</b>	<b>75.39</b>	<b>82.39</b>	<b>104.47</b>	<b>91.07</b>	-	-

### iii) Reconciliation of fair value of plan assets and defined benefit obligation:

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets	410.62	380.47	75.39	82.39	104.47	91.07	-	-
Defined benefit obligation	409.24	380.23	80.11	85.71	128.73	110.96	1.27	1.28
<b>Amount recognised in the Balance Sheet</b>	<b>1.38</b>	<b>0.24</b>	<b>(4.72)</b>	<b>(3.32)</b>	<b>(24.26)</b>	<b>(19.90)</b>	<b>(1.27)</b>	<b>(1.28)</b>

### iv) Amount recognised in Statement of profit and loss

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Current service cost	13.12	12.43	3.96	4.13	3.98	3.57	0.07	0.07
Past service cost	-	-	-	-	-	-	-	-
Net interest expense	-	-	0.23	0.30	1.38	1.33	0.09	0.10
<b>Amount recognised in statement of Profit and Loss</b>	<b>13.12</b>	<b>12.43</b>	<b>4.19</b>	<b>4.43</b>	<b>5.36</b>	<b>4.89</b>	<b>0.16</b>	<b>0.16</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### v) Amount recognised in Other Comprehensive Income:

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Actuarial changes arising from changes in demographic assumptions	-	-	-	0.03	-	0.06	-	-
Actuarial changes arising from changes in financial assumptions	(0.02)	(0.03)	(1.83)	(1.74)	(4.11)	(5.33)	(0.04)	(0.02)
Experience adjustments	(0.38)	(1.77)	1.42	2.80	(5.05)	3.72	0.18	0.11
Return on Plan Assets excluding Interest Income	1.54	(1.71)	(0.12)	0.02	(0.29)	(0.26)	-	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>1.14</b>	<b>(3.51)</b>	<b>(0.53)</b>	<b>1.11</b>	<b>(9.45)**</b>	<b>(1.81)</b>	<b>0.13**</b>	<b>0.09</b>

\*\* The unrecognized actuarial gain/loss (OCI) of ₹ (9.45) crore (₹ 1.81 crore) in respect of liability towards Post-Retirement Medical Benefits (PRMB). Since the liability in respect of PRMB has not been provided as per Actuarial valuation and has been restricted as per DPE guidelines, therefore, the OCI in respect of PRMB, as per Actuarial valuation, has not been considered.

#### vi) The major categories of plan assets of the fair value of the total plan assets are as follows:

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Government of India securities	59.67%	60.17%	-	-	9.52%	9.52%	-	-
State Government securities	-	-	-	-	30.86%	30.86%	-	-
Central & State Guaranteed Bonds	-	-	-	-	18.73%	18.73%	-	-
High quality corporate bonds	38.04%	36.17%	-	-	23.40%	23.40%	-	-
PSU Bond	-	-	-	-	7.35%	7.35%	-	-
PSU Basel III Tier I Bonds	-	-	-	-	8.25%	8.25%	-	-
Debt Mutual Fund	0.77%	0.29%	-	-	-	-	-	-
ETF/INDEX/Equity Mutual Fund	1.52%	3.37%	-	-	1.89%	1.89%	-	-
Fund Managed by Insurer	-	-	100.00%	100.00%	-	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>0.00%</b>	<b>0.00%</b>



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

vii) The principal assumptions used in determining PF/ gratuity/PRMB/Retirement Allowance liability for the Company's plans are shown below:

(₹ in crore)

Particulars	PF For the year ended 31st March, 2021	PF For the year ended 31st March, 2020	Gratuity For the year ended 31st March, 2021	Gratuity For the year ended 31st March, 2020	PRMB For the year ended 31st March, 2021	PRMB For the year ended 31st March, 2020	Retirement Allowance For the year ended 31st March, 2021	Retirement Allowance For the year ended 31st March, 2020
Discount rate	6.54%	6.92%	6.54%	6.92%	6.54%	6.92%	6.54%	6.92%
Future salary increase	8.50%	8.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Mortality rate	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)

viii) Quantitative sensitivity analysis for significant assumption shown above as at 31 March is as shown below:

(₹ in crore)

Gratuity Plan	PF Plan (Impact on DBO)		Gratuity Plan (Impact on DBO)		PRMB (Impact on DBO)		Retirement Allowance (Impact on DBO)	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
<b>Present value of obligation at the end of period</b>	<b>409.24</b>	<b>380.23</b>	<b>80.11</b>	<b>85.71</b>	<b>128.73</b>	<b>110.96</b>	<b>1.27</b>	<b>1.28</b>
Discount rate	6.54%	6.92%	6.54%	6.92%	6.54%	6.92%	6.54%	6.92%
Increase by 0.50%	(0.02)	(0.03)	(2.40)	(2.40)	(4.86)	(4.19)	(0.05)	(0.05)
Decrease by 0.50%	0.03	0.03	2.57	2.56	5.24	4.51	0.05	0.05
<b>Future salary increases</b>	<b>8.50%</b>	<b>8.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>7.50%</b>
Increase by 0.50%	-	-	1.11	1.10	-	-	0.05	0.05
Decrease by 0.50%	-	-	(1.14)	(1.13)	-	-	(0.05)	(0.05)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions shown above occurring at the end of the reporting period.

Sensitivities due to mortality and withdrawals are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

#### ix) Expected contribution for next annual reporting period

The expected contribution to the defined benefit plan for next annual reporting period is ₹ 26.72 Crore.

#### x) Maturity profile of defined benefit obligation is as under

(₹ in crore)

Duration of defined benefit obligation duration (years)	Provident Fund	Gratuity	Post retirement medical benefit plan	Retirement Allowance
1	103.60	12.00	3.62	0.16
2	122.12	10.60	16.59	0.16
3		8.60	6.92	0.14
4		7.82	6.99	0.13
5		7.69	6.40	0.13
6	183.52	4.35	3.72	0.07
6 year onward		29.05	60.72	0.48
<b>Total</b>	<b>409.24</b>	<b>80.11</b>	<b>104.97</b>	<b>1.27</b>

# NOTES TO STANDALONE FINANCIAL STATEMENTS

## For The Year Ended 31<sup>st</sup> March 2021

### Risk analysis

Company is exposed to a number of risks in the defined benefit plan. Most significant risks pertaining to defined benefits plan, and management's estimation of the impact of these risks are as follows:

#### a) Interest risk

A decrease in the interest rate on plan assets will increase the plan liability.

#### b) Longevity risk/ Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

#### c) Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

### 33. Related Party Transactions

Disclosures in compliance with Ind AS 24 "Related Party Disclosures" are as under:

#### a) List of Related Parties

##### (i) Subsidiary Companies

Ircon Infrastructure and Services Limited  
Ircon PB Tollway Limited  
Ircon ShivpuriGuna Tollway Limited  
Ircon Davanagere Haveri Highway Limited  
Ircon Vadodara Kim Expressway Limited  
Ircon Gurgaon Rewari Highway Limited, incorporated on 24th December, 2020

##### (ii) Joint Venture Companies

Ircon-Soma Tollway Private Limited  
Chhattisgarh East Railway Limited  
Chhattisgarh East-West Railway Limited  
Mahanadi Coal Railway Limited  
Jharkhand Central Railway Limited  
Bastar Railway Private Limited  
Indian Railway Station Development Corporation Limited

##### (iii) Unincorporated Joint Ventures (Joint Operations)

Joint Operations in Operation  
Express Freight Consortium  
Express Freight Railway Consortium

##### Completed Joint Operations

International Metro Civil Contractor  
Metro Tunnelling Group  
IRCON-AFCONS

##### Financially Closed Joint Operations

Ircon-COBRA-ELIOP  
Ircon- Sree Bhawani Builders  
Ircon-SMJ Project JV  
Ircon-GANNON Dunkerly  
Ircon-RCS-PFLEIDERER  
IRCON-SPSCPL  
RICON

#### (iv) Key Management Personnel (KMP)

##### A) Whole Time Directors

Name	Designation
Shri S.K. Chaudhary*	CMD & Chief Executing Officer (CEO)
Shri M.K. Singh**	Director (Finance) & Chief Financial Officer (CFO)
Shri Yogesh Kumar Misra	Director (Works)
Shri S.L Gupta	Director (Projects)

\* Ceased to be CMD w.e.f. 30.04.2021

\*\* Holding additional charge of the post of CMD w.e.f. 01.05.2021, CEO w.e.f. 11.06.2021 and Shri Surajit Dutta, CGM/Fin/HQ is holding additional charge of the post of CFO w.e.f. 11.06.2021.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### Company Secretary

Name	Designation
Ms. Ritu Arora	Company Secretary

### Other Directors

#### Government Nominee Part-Time (Official) Directors

Name	Designation
Shri Dhananjaya Singh	Part-Time (Official) Director

#### (v) Post Employment Benefit Plans

- Ircon Gratuity Trust
- Ircon Employees Contributory PF Trust
- Ircon Medical Trust
- Ircon Defined Contribution Superannuation Pension Scheme, 2009 Trust

#### (vi) Government Related Entities:

The Company is a Central Public Sector Enterprise (CPSE) under the Ministry of Railways. The Company is controlled by Government of India (GOI), by holding 73.18 % of equity shares in the name of President of India as at 31st March, 2021. Pursuant to Para 25 and 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. Transactions with these parties are carried out at market terms at arm length basis. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements.

The Company has significant transaction with the following government related entities:

Name of the Entity	Relationship
Ministry of Railways	Controlling Entity
Rail Land Development Authority	Statutory Authority under Ministry of Railways
Indian Railway Finance Corporation	Railway PSU

#### b. Transactions with Key Management Personnel (KMP) of the Company are as follows:

S. No.	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
1	Short term employment benefits (i)	3.00	3.27
2	Other long-term employment benefits	0.30	0.58
3	Sitting fees	0.10	0.20
	<b>Total</b>	<b>3.40</b>	<b>4.05</b>

#### Note:

- (i) (i) Figures of FY 2020-21 include PRP of ₹ 0.73 crore paid during the year for FY 2019-20 on provisional basis ( For FY 2019-20 include PRP of ₹ 1.02 crore paid during the year for FY 2017-18 & FY 2018-19 on provisional basis ).
- (ii) Recovery as applicable has been made from Directors who have been provided with Company accommodation and car.

S. No.	Nature of transaction	Name of related party	Nature of relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
1	<b>Sale of goods and services</b>				
1.1	<b>Contract Revenue</b>	Ircon Infrastructure and Services Limited	Subsidiary Companies	2.63	1.32
		Ircon PB Tollway Limited	Subsidiary Companies	11.85	107.29
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	132.33	415.06

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
1.2	Rent Income	Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	514.87	403.55
		Chhattisgarh East Railway Limited	Joint Venture Companies	215.68	332.19
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	23.73	21.70
		Mahanadi Coal Railway Limited	Joint Venture Companies	40.28	21.75
		Jharkhand Central Railway Limited	Joint Venture Companies	4.06	9.49
		Bastar Railway Private Limited	Joint Venture Companies	1.75	21.19
		Express Freight Consortium	Joint Operations	564.19	355.86
		Express Freight Railway Consortium	Joint Operations	5.81	2.34
		Ministry of Railways	Government Related Entities	2,766.46	3,072.95
		Ircon Infrastructure and Services Limited	Subsidiary Companies	0.18	0.18
		Ircon PB Tollway Limited	Subsidiary Companies	0.02	0.02
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	0.02	0.02
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	0.02	0.02
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	0.02	0.02
Ircon Gurgaon Rewari Highway Limited	Subsidiary Companies	0.01	-		
Ircon-Soma Tollway Private Limited	Joint Venture Companies	0.03	0.03		
Rail Land Development Authority	Government Related Entities	0.04	-		
2	Purchase of goods and services	Ircon Infrastructure and Services Limited	Subsidiary Companies	3.21	2.15
3	Reimbursement of Deputation Staff Expenses, Rent & Other Misc. Expenses (Income)	Ircon Infrastructure and Services Limited	Subsidiary Companies	3.42	3.35
		Ircon PB Tollway Limited	Subsidiary Companies	0.81	5.41
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	0.63	0.58
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	0.18	0.14
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	0.72	4.12
		Ircon Gurgaon Rewari Highway Limited	Subsidiary Companies	0.12	-
		Ircon-Soma Tollway Private Limited	Joint Venture Companies	-	0.02
		Chhattisgarh East Railway Limited	Joint Venture Companies	0.67	0.59
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.43	0.35
		Bastar Railway Private Limited	Joint Venture Companies	0.27	-
		Indian Railway Station Development Corporation Limited	Joint Venture Companies	0.22	0.84
4	Interest Income				
4.1	Interest Income on loans	Ircon PB Tollway Limited	Subsidiary Companies	-	19.94
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	41.51	52.81
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	18.70	17.51

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
4.2	Interest Income on Advances	Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	17.73	6.30
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	1.81	3.61
		Ministry of Railways	Government Related Entities	72.19	114.12
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.06	0.26
4.3	Interest Income on Bonds	Rail Land Development Authority	Government Related Entities	165.32	220.97
		Indian Railway Finance Corporation	Government Related Entities	17.11	22.10
4.4	Dividend Income	Ircon-Soma Tollway Private Limited	Joint Venture Companies	17.00	-
5	Dividend				
5.1	Dividend distribution	Ministry of Railways	Government Related Entities	140.89	203.61
5.2	Dividend Income Passed on	Ministry of Railways	Government Related Entities	-	2.15
5.3	Profit on Sale of Investment Passed on	Ministry of Railways	Government Related Entities	0.21	-
6	Interest Expense				
6.1	Interest Expense on advance	Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	0.61	4.16
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	3.42	6.90
6.2	Interest Expense on Loan	Indian Railway Finance Corporation	Government Related Entities	164.81	220.35
7	Investment in Equity Shares				
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	-	60.00
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	-	4.00
		Ircon Gurgaon Rewari Highway Limited	Subsidiary Companies	0.05	-
		Chhattisgarh East Railway Limited	Joint Venture Companies	20.00	-
		Indian Railway Station Development Corporation Limited	Joint Venture Companies	12.00	14.20
8	Interest free Loan (Deemed Equity)	Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	-	125.77
		Jharkhand Central Railway Limited	Joint Venture Companies	-	50.00
9	Financial Guarantee Contract	Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	5.00	-
10	Loans granted	Ircon PB Tollway Limited	Subsidiary Companies	-	136.89
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	-	18.00
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	83.96	139.22
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	408.50	181.00

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
11	Recovery of Loans	Ircon PB Tollway Limited	Subsidiary Companies	81.22	57.52
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	38.15	15.44
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	326.72	-
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	39.00	-
12	Recovery of Advances	Rail Land Development Authority	Government Related Entities	615.31	615.30
13	Repayment of Loans	Indian Railway Finance Corporation	Government Related Entities	615.31	615.30
14	Advances Received	Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	-	153.56
		Chhattisgarh East Railway Limited	Joint Venture Companies	3.07	3.67
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	36.39	9.17
		Mahanadi Coal Railway Limited	Joint Venture Companies	-	0.98
		Bastar Railway Private Limited	Joint Venture Companies	-	0.26
		Ministry of Railways	Government Related Entities	2,700.26	1,538.70
15	Repayment of Advances	Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	13.82	58.86
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	70.28	62.07
		Chhattisgarh East Railway Limited	Joint Venture Companies	15.19	-
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	9.34	-
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.98	-
		Bastar Railway Private Limited	Joint Venture Companies	0.26	-
		Ministry of Railways	Government Related Entities	2,496.10	1,523.58
16	<b>Post Employment Benefit Plans</b>				
16.1	Contribution made during the year	Ircon Gratuity Trust	Post Employment Benefit Plans	3.30	4.01
		Ircon Employees Contributory PF Trust	Post Employment Benefit Plans	40.12	43.39
		Ircon Medical Trust	Post Employment Benefit Plans	10.45	4.49
		Ircon Defined Contribution Superannuation Pension Scheme, 2009 Trust	Post Employment Benefit Plans	9.02	8.97
16.2	Reimbursements made during the year	Ircon Gratuity Trust	Post Employment Benefit Plans	13.57	5.79

**Note:**

- (i) Refer Note 37 for guarantees and other commitments with subsidiary companies, joint venture companies and joint operations.
- (ii) Purchases from Ministry of Railways are heterogeneous in nature, thus immaterial. Hence not disclosed.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

c) Outstanding balances with the related parties are as follows:

(₹ in crore)

S. No.	Nature of transaction	Name of related party	Nature of relationship	As at 31st March, 2021	As at 31st March, 2020
1	<b>Equity Investments (Including Deemed Equity)</b>	Ircon Infrastructure and Services Limited	Subsidiary Companies	65.00	65.00
		Ircon PB Tollway Limited	Subsidiary Companies	165.00	165.00
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	150.00	150.00
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	169.05	164.05
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	135.77	135.77
		Ircon Gurgaon Rewari Highway Limited	Subsidiary Companies	0.05	-
		Ircon-Soma Tollway Private Limited	Joint Venture Companies	64.15	64.15
		Chhattisgarh East Railway Limited	Joint Venture Companies	142.58	122.58
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	131.17	131.17
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.01	0.01
		Jharkhand Central Railway Limited	Joint Venture Companies	63.00	63.00
		Bastar Railway Private Limited	Joint Venture Companies	76.34	76.34
		Indian Railway Station Development Corporation Limited	Joint Venture Companies	52.00	40.00
2	<b>Investment in Bonds</b>	Indian Railway Finance Corporation	Government Related Entities	221.47	221.47
3	<b>Amount Recoverable towards loans granted</b>	Ircon PB Tollway Limited	Subsidiary Companies	336.00	417.22
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	526.00	564.15
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	26.46	269.22
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	589.50	181.00
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	-	39.00
4	<b>Amount recoverable other than loans</b>				
4.1	<b>Trade Receivables</b>	Ircon Infrastructure and Services Limited	Subsidiary Companies	1.52	1.53
		Ircon PB Tollway Limited	Subsidiary Companies	14.22	4.71
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	-	0.52
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	37.11	25.33
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	2.03	164.50
		Ircon-Soma Tollway Private Limited	Joint Venture Companies	0.06	0.06
		Chhattisgarh East Railway Limited	Joint Venture Companies	46.94	34.40
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	23.37	8.23
		Mahanadi Coal Railway Limited	Joint Venture Companies	4.75	-
		Bastar Railway Private Limited	Joint Venture Companies	6.65	16.64
		Express Freight Consortium	Joint Operations	137.82	134.72
		Express Freight Railway Consortium	Joint Operations	4.42	1.42
		Ministry of Railways	Government Related Entities	34.77	19.29

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	As at 31st March, 2021	As at 31st March, 2020
<b>4.2</b>	<b>Contract Assets</b>				
(a)	<b>Billable Revenue/ Receivable not due and CWIP at Realisable Value</b>	Ircon PB Tollway Limited	Subsidiary Companies	-	2.98
		Chhattisgarh East Railway Limited	Joint Venture Companies	19.53	26.68
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	4.80	21.41
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.38	-
		Bastar Railway Private Limited	Joint Venture Companies	22.94	21.19
		Express Freight Consortium	Joint Operations	91.04	91.43
		Ministry of Railways	Government Related Entities	18.65	25.95
(b)	<b>Retention Money and Money Withheld</b>	Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	19.42	-
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	0.73	-
		Chhattisgarh East Railway Limited	Joint Venture Companies	2.16	-
		Mahanadi Coal Railway Limited	Joint Venture Companies	4.32	2.28
		Express Freight Consortium	Joint Operations	59.40	32.04
		Ministry of Railways	Government Related Entities	1.90	0.81
<b>4.3</b>	<b>Advance and Claims Recoverable</b>	Ircon Infrastructure and Services Limited	Subsidiary Companies	2.06	1.33
		Ircon PB Tollway Limited	Subsidiary Companies	0.70	0.32
		Ircon ShivpuriGuna Tollway Limited	Subsidiary Companies	0.17	0.57
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	0.03	0.02
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	0.05	0.10
		Ircon Gurgaon Rewari Highway Limited	Subsidiary Companies	0.13	-
		Ircon-Soma Tollway Private Limited	Joint Venture Companies	0.02	0.02
		Chhattisgarh East Railway Limited	Joint Venture Companies	0.20	0.60
		Mahanadi Coal Railway Limited	Joint Venture Companies	1.83	1.40
		Bastar Railway Private Limited	Joint Venture Companies	0.83	0.56
		Indian Railway Station Development Corporation Limited	Joint Venture Companies	0.96	0.99
		IRCON-AFCONS	Joint Operations	0.68	29.43
		Express Freight Consortium	Joint Operations	0.51	-
		International Metro Civil Contractor	Joint Operations	3.70	3.66
		Metro Tunnelling Group	Joint Operations	4.64	4.37
		Ministry of Railways	Government Related Entities	8.04	-
		Rail Land Development Authority	Government Related Entities	1,885.56	2,485.87
<b>4.4</b>	<b>Interest Accrued on loans</b>	Chhattisgarh East-West Railway Limited	Joint Venture Companies	9.35	8.15
<b>4.5</b>	<b>Interest Accrued on advances</b>	Rail Land Development Authority	Government Related Entities	160.72	212.85



## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	As at 31st March, 2021	As at 31st March, 2020
4.6	Interest Accrued on bonds	Indian Railway Finance Corporation	Government Related Entities	12.91	17.86
4.7	Recoverable from Trust	Ircon Gratuity Trust	Post Employment Benefit Plans	3.65	5.80
5	Borrowings	Indian Railway Finance Corporation	Government Related Entities	1,845.92	2,461.23
6	<b>Amount Payable towards</b>				
6.1	Trade Payables	Ircon Infrastructure and Services Limited	Subsidiary Companies	0.22	0.80
		Ministry of Railways	Government Related Entities	-	0.10
6.2	Contract Liabilities (Advances and Advance Contract Receipts)	Ministry of Railways	Government Related Entities	1,499.52	1,303.94
		Ircon Davanagere Haveri Highway Limited	Subsidiary Companies	32.48	29.00
		Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	177.24	296.87
		Ircon-Soma Tollway Private Limited	Joint Venture Companies	44.55	44.55
		Chhattisgarh East Railway Limited	Joint Venture Companies	44.98	57.11
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	57.35	30.35
		Mahanadi Coal Railway Limited	Joint Venture Companies	-	0.98
		Bastar Railway Private Limited	Joint Venture Companies	-	0.26
		Express Freight Consortium	Joint Operations	48.33	148.61
		Rail Land Development Authority	Government Related Entities	10.00	-
6.3	Other Payable to Client	Ministry of Railways	Government Related Entities	779.59	651.36
6.4	Interest Payable on Borrowings	Indian Railway Finance Corporation	Government Related Entities	156.56	210.00
6.5	Interest Payable on Advances	Ircon Vadodara Kim Expressway Limited	Subsidiary Companies	1.14	3.59
		Mahanadi Coal Railway Limited	Joint Venture Companies	-	0.26
		Rail Land Development Authority	Government Related Entities	1.76	-
		Ministry of Railways	Government Related Entities	234.16	204.81
6.6	Payable to Trust	Ircon Gratuity Trust	Post Employment Benefit Plans	4.72	3.32

### d) Terms and conditions of transactions with related parties

- (i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- (ii) Outstanding balances of related parties at the year-end are unsecured and settlement occurs through banking transactions. These balances other than loans and interest bearing advances are interest free.
- (iii) The loans to key management personnel are on the same terms and conditions as applicable to all other employees.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 34. Interest in Subsidiaries, Joint Ventures and Joint Operations

#### A Disclosures in compliance with Ind AS 27 "Separate Financial Statements" are as under:

Investment in following subsidiary companies, joint venture companies and joint operations is accounted at cost.

#### Investment in Subsidiary Companies

S. No.	Name of the Subsidiary Company	Principal Place of Business and Country of Incorporation	As at 31st March, 2021		As at 31st March, 2020	
			Proportion of direct ownership interest	Proportion of voting rights	Proportion of direct ownership interest	Proportion of voting rights
1	Ircon Infrastructure and Services Limited	India	100.00	100.00	100.00	100.00
2	Ircon PB Tollway Limited	India	100.00	100.00	100.00	100.00
3	Ircon ShivpuriGuna Tollway Limited	India	100.00	100.00	100.00	100.00
4	Ircon Davanagere Haveri Highway Limited	India	100.00	100.00	100.00	100.00
5	Ircon Vadodara Kim Expressway Limited	India	100.00	100.00	100.00	100.00
6	Ircon Gurgaon Rewari Highway Limited	India	100.00	100.00	-	-

#### Investment in Joint Venture Companies

S. No.	Name of the Subsidiary Company	Principal Place of Business and Country of Incorporation	As at 31st March, 2021		As at 31st March, 2020	
			Proportion of direct ownership interest	Proportion of voting rights	Proportion of direct ownership interest	Proportion of voting rights
1	Ircon-Soma Tollway Private Limited	Maharashtra, India	50.00	50.00	50.00	50.00
2	Chhattisgarh East Railway Limited	Chhattisgarh, India	21.23	26.00	25.91	26.00
3	Chhattisgarh East-West Railway Limited	Chhattisgarh, India	26.02	26.00	26.02	26.00
4	Mahanadi Coal Railway Limited	Odisha, India	26.00	26.00	26.00	26.00
5	Jharkhand Central Railway Limited	Jharkhand, India	14.82	26.00	23.59	26.00
6	Bastar Railway Private Limited	Chhattisgarh, India	26.00	26.00	26.00	26.00
7	Indian Railway Station Development Corporation Limited	Delhi NCR, India	26.00	26.00	50.00	50.00

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### Investment in Joint Operations

S. No.	Name of the Subsidiary Company	Principal Place of Business and Country of Incorporation	As at 31st March, 2021		As at 31st March, 2020	
			Proportion of direct ownership interest	Proportion of voting rights	Proportion of direct ownership interest	Proportion of voting rights
<b>i)</b>	<b>For projects in operation:</b>					
	Express Freight Consortium	Gujarat and Maharashtra, India	30.00	30.00	30.00	30.00
	Express Freight Railway Consortium	Maharashtra, India	30.00	30.00	30.00	30.00
<b>ii)</b>	<b>Completed Joint Operations</b>					
	International Metro Civil Contractor	Delhi NCR, India	9.50	9.50	9.50	9.50
	Metro Tunnelling Group	Delhi NCR, India	9.50	9.50	9.50	9.50
	IRCON-AFCONS	Bangladesh	53.00	53.00	53.00	53.00
<b>iii)</b>	<b>Financially Closed Joint Operations</b>					
	Ircon-COBRA-ELIOP	Delhi NCR, India	61.22	61.22	61.22	61.22
	Ircon- Sree Bhawani Builders	Chennai, India	24.21	24.21	24.21	24.21
	Ircon-SMJ Project JV	Tamil Nadu, India	55.00	55.00	55.00	55.00
	Ircon-GANNON Dunkerly	Uttar Pradesh, India	55.70	55.70	55.70	55.70
	Ircon-RCS-PFLEIDERER	J&K, India	65.08	65.08	65.08	65.08
	IRCON-SPSCPL	J&K, India	50.00	50.00	50.00	50.00
	RICON	Delhi NCR, India	49.00	49.00	49.00	49.00

### B Financial Interest in Joint Operations (to the extent of Company's share)

S. No.	Particulars	Name of the Joint Operation									
		IRCON-AFCONS		Express Freight Consortium		International Metro Civil Contractor		Metro Tunnelling Group		Total	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
	<b>As at Year End:</b>										
1	<b>Assets</b>										
	PPE	-	-	-	-	-	-	-	-	-	-
	Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
	Other Assets	0.68	29.43	-	-	4.64	4.61	4.86	4.81	10.18	38.85
2	<b>Liabilities</b>										
	Provisions	-	0.18	-	-	0.03	0.04	0.14	0.37	0.17	0.59
	Other Liabilities	-	-	-	-	0.91	0.91	0.07	0.07	0.98	0.98
	<b>For the year end:</b>										
3	Total Income	0.10	-	2.75	-	0.07	0.09	0.24	0.31	3.16	0.39
4	Total Expenses	-	0.04	1.64	-	-	-	0.03	0.01	1.67	0.05
5	Total Taxes	18.40	-	0.60	-	0.03	0.04	(0.06)	0.13	18.97	0.17
6	Profit after tax	(18.30)	(0.04)	0.51	-	0.04	0.05	0.27	0.17	(17.48)	0.18
7	Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
8	Total Comprehensive Income	(18.30)	(0.04)	0.51	-	0.04	0.05	0.27	0.17	(17.48)	0.18

**Note:** Contingent Liabilities relating to Joint Operations are disclosed in Note 37.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 35. 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 ₹ )

Particulars	Note	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit attributable to Equity holders (₹ in crore)	(ii)	404.56	489.78
Weighted average number of equity shares for Basic and Diluted EPS (In Numbers) *	(iii)	94,05,15,740.00	94,05,15,740.00
Earnings per share (Basic)		4.30	5.21
Earnings per share (Diluted)		4.30	5.21
Face value per share		2.00	2.00

\*The Board of Directors of IRCON in its 268th meeting held on 5th April, 2021 had approved the proposal for issuance of 47,02,57,870 fully paid-up Bonus Shares of ₹ 2/- each in the ratio of 1:1, (i.e. issue of 1 (one) equity share for every existing 1 (one) equity share with 21st May, 2021 as the Record Date for the purpose of ascertaining the eligibility of Shareholders. The Final Listing and Trading Approvals from NSE and BSE have been received on 31st May, 2021. Post Bonus, the Paid-up Share Capital of the Company is ₹ 188,10,31,480 divided into 94,05,15,740 equity shares of ₹ 2/- each.

##### (ii) Profit attributable to equity shareholders (used as numerator) (₹ in crore)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit for the year as per Statement of Profit and Loss	404.56	489.78
Profit attributable to Equity holders of the company used for computing EPS:	404.56	489.78

##### (iii) Weighted average number of equity shares (used as denominator) (Nos.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening balance of issued equity shares	9,40,51,574.00	9,40,51,574.00
Equity shares issued during the year	-	-
Increase in the Number of Share on account of Shares Split	37,62,06,296.00	37,62,06,296.00
Bonus share issued after the reporting date but before the financial statement are issued	47,02,57,870.00	47,02,57,870.00
<b>Weighted average number of equity shares for computing Basic EPS</b>	<b>94,05,15,740.00</b>	<b>94,05,15,740.00</b>
<b>Dilution Effect:</b>		
Add: Weighted average numbers of potential equity shares outstanding during the year	-	-
<b>Weighted average number of equity shares for computing Diluted EPS</b>	<b>94,05,15,740.00</b>	<b>94,05,15,740.00</b>

#### 36. Impairment of Assets

During the year, Company has carried out assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realizable value and carrying cost in terms of Ind AS 36, "Impairment of Assets" notified under section 133 of the companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian accounting standards) Amendment Rules 2016. Accordingly, impairment loss of Nil (Nil) has been provided for."

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 37. Provisions, Contingencies and Commitments

#### (i) Provisions

The nature of provisions provided and movement in provisions during the year as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' are disclosed in Note 19.

#### (ii) Contingent Liabilities

Disclosure of Contingent Liabilities as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' are as under:

(₹ in crore)

Particulars	Foot Note	As at 31st March 2020	Addition during the year	Claims settled during the year			As at 31st March 2021
				Out of the opening balance	Out of addition during the year	Total Claims Settled during the year	
<b>a) Claims against the Company not acknowledged as debts :</b>							
<b>Disputed Direct tax demands</b>							
(i) in respect of the Company	1	303.47	6.94	(2.35)	-	(2.35)	<b>308.06</b>
(ii) in respect of the Joint Operations	2	0.24			-	-	<b>0.24</b>
<b>Disputed Indirect tax demands</b>							
(i) in respect of the Company	3	396.94	66.01	(206.36)	-	(206.36)	<b>256.59</b>
(ii) in respect of the Joint Operations	4	4.25			-	-	<b>4.25</b>
<b>Legal Cases</b>							
(i) in respect of the Company	5	510.32	67.40	(103.00)	-	(103.00)	<b>474.72</b>
(ii) in respect of the Joint Operations	6	0.02	-	-	-	-	<b>0.02</b>
<b>Claims by Employees</b>	7	-	-	-	-	-	<b>-</b>
<b>b) Guarantees (excluding financial guarantees) issued by the company on behalf of</b>							
Subsidiaries Companies	8 (i) & (ii)	10.00	326.27	-	-	-	<b>336.27</b>
Joint Operations	9	1.40	-	(1.40)	-	(1.40)	<b>-</b>
<b>c) Other money for which company is contingent liable</b>							
Liquidated damages pending disposal of application for extension of time by clients		9.27	-	-	-	-	<b>9.27</b>
<b>Total</b>		<b>1,235.91</b>	<b>466.62</b>	<b>(313.11)</b>	<b>-</b>	<b>(313.11)</b>	<b>1,389.42</b>

#### Foot Note:

- The Income Tax Authority have raised demands on account of various disallowances pertaining to different assessment years. Many of these matters were adjudicated in favour of Company but are disputed before higher authorities by the concerned departments. The Company is contesting these demands, which are pending at various appellate levels. Based on the advice from the independent tax experts and the developments on the appeals, the management is confident that additional tax so demanded will not be sustained on completion of the appellate proceedings and accordingly, pending the decision by the appellate authorities, no provision has been made in these financial statements.
- In case of International Metro Tunnelling Group, a Joint Operation of the Company, income tax authorities during the assessment of FY 2010-11, 2012-13 & 2013-14 has raised demand amounting to ₹ 0.24 crore (₹ 0.24 crore) on account of Income related to Excise Duty for the FY 2008-09 & 2011-12 declared in later years. The joint operation

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

had filed appeals before the appropriate appellate authorities against these demands for said financial years. The Company is jointly liable for the said demands upto the share of interest in Joint operation. The decision is pending before the appellate authorities and therefore, no provision has been made in the financial statements.

- 3 There are various disputes pending with authorities of excise, customs, service tax, sales tax, VAT etc. The Company is contesting these demands raised by concerned authorities and are pending at various appellate authorities. Based on the grounds of appeal and advice of the independent legal experts, the management believes that there is reasonable strong likelihood of succeeding before the various authorities. Pending the final decisions on the above, no adjustment has been made in these financial statements. The above disputed indirect tax demands includes ₹ 169.18 crore which is reimbursable from clients.
- 4 In case of International Metro Civil Contractor, a Joint Operation of the Company, there is disputed demand pending with the sales tax authorities amounting to ₹ 4.25 crore (₹ 4.25 crore) on account of disallowance of labour expenses. The joint operation had filed appeals before the appropriate appellate authorities against the demand. The decision is pending before the appellate authorities and therefore, no provision has been made in the financial statements.
- 5 The Company is a party to several legal suits on construction contract terms related disputes, pending before various courts and arbitration proceedings in India and abroad. Some of the contractors have lodged claims on the company seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the company as being not admissible in terms of provisions of the respected contracts. Against a total claim of ₹ 557.26 crore (₹ 613.84 crore), provision of ₹ 82.54 crore (₹ 103.52 crore) has been made and balance ₹ 474.72 crore (₹ 510.32 crore) is shown as contingent liability. The Company has also made counter claims on the contractors admissible as per the terms of the contract of ₹ 134.94 crore (₹ 137.11 crore). Interest on claims is not considered, being unascertainable.
- 6 One of the contractor, M/s Sai Engineers has filed suit against International Metro Civil Contractor for an amount of ₹ 0.02 crore (₹ 0.02 crore) for dispute on contract terms. The decision is pending before the appellate authorities and therefore, no provision has been made in the financial statements.
- 7 There are some cases relating to employees/others are pending in the Courts against the Company in respect of which the liability is not ascertainable.
- 8(i) The Company has given bank guarantee on behalf of its subsidiary company, Ircon Infrastructure and Services Limited for an amount of ₹ 10.00 crore (₹ 10.00 crore) for performance guarantee to clients.
- (ii) The Company has given corporate guarantee to Punjab National Bank on behalf of and in respect of term loan facility availed by its subsidiary company, Ircon Davanagere Haveri Highway Limited for an amount of ₹ 502.76 crore (Nil), out of which subsidiary company has availed the term loan of ₹ 326.27 crore (Nil) during the year.
- 9 The Company has given bank guarantee on behalf of its joint operation, Ircon-RCS-PFLEIDERER for an amount of Nil (₹ 1.40 crore) for execution of Design and construction of broad gauge ballastless track in Udampur-Katra section.

#### iii. Contingent Assets

Disclosure of Contingent Assets as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

- a) Claims raised by company on some of its clients and awarded by arbitrators in favour of company against which clients have gone to court not accounted for as receivables are ₹ 395.43 crore (₹419.46 crore) including interest calculated up to 31.03.2021 as per arbitration award.
- b) Counter Claims raised by company on sub-contractors and awarded by arbitrators in favour of company against which sub-contractors have gone to court, not accounted for as receivables are ₹ 24.12 crore (₹ 22.81 crore).
- c) Insurance Claim of USD 0.89 (USD 0.87 Mn) and Ethiopian Birr 1.16 Mn (Birr 1.10 Mn) equivalent to ₹ 6.74 crore (₹ 6.80 crore) including interest calculated upto 31.03.2021 awarded by Honourable Supreme Court of Ethiopia in favour of company has not been accounted for, pending execution order by High Court of Ethiopia.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### (iv) Commitments

(₹ in crore)

	Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
<b>a)</b>	<b>Capital Commitments</b>			
	Estimated amount of contracts remaining to be executed on capital account (net of advance) and not provided for:	1	18.37	43.12
<b>b)</b>	<b>Other Commitments</b>			
(i)	Funding committed by way of equity and loans in Subsidiary Companies	2	699.27	1,108.31
(ii)	Funding committed by way of equity and loans in Joint Venture Companies	3	80.41	61.70
(iii)	Counter Bank Guarantee for Subsidiary Companies	4	408.08	158.75
(iv)	Corporate Guarantee for Subsidiary Companies	5	1,210.29	-
	<b>Total</b>		<b>2,416.42</b>	<b>1,371.88</b>

#### Foot Note:

(₹ in crore)

S.No	Capital Commitments	As at 31st March 2021	As at 31st March 2020
1	Estimated amount of contracts remaining to be executed on Property, Plant and Equipment	-	2.01
2	Estimated amount of contracts remaining to be executed on Investment Property	2.00	24.74
3	Estimated amount of contracts remaining to be executed on Intangible Assets under development	16.37	16.37
	<b>Total</b>	<b>18.37</b>	<b>43.12</b>

(₹ in crore)

S.No	Name of the Subsidiary Company	As at 31st March 2021		As at 31st March 2020	
		Equity	Loans	Equity	Loans
1	Ircon PB Tollway Limited	-	138.74	-	57.52
2	Ircon ShivpuriGuna Tollway Limited	-	196.11	-	157.96
3	Ircon Davanagere Haveri Highway Limited	53.00	13.86	53.00	233.78
4	Ircon Vadodara Kim Expressway Limited	-	204.11	-	606.05
5	Ircon Gurgaon Rewari Highway Limited	-	93.45	-	-
	<b>Total</b>	<b>53.00</b>	<b>646.27</b>	<b>53.00</b>	<b>1,055.31</b>

S.No	Name of the Joint Venture Company	As at 31st March 2021		As at 31st March 2020	
		Equity	Loans	Equity	Loans
1	Chhattisgarh East Railway Limited	16.28	-	36.28	-
2	Chhattisgarh East-West Railway Limited	62.83	-	0.13	-
3	Ircon Soma Tollway Pvt Ltd	-	-	-	-
4	Mahanadi Coal Railway Limited	1.29	-	1.29	-
5	Bastar Railway Private Limited	0.01	-	0.01	-
6	Indian Railway Station Development Corporation Limited	-	-	24.00	-
	<b>Total</b>	<b>80.41</b>	<b>-</b>	<b>61.70</b>	<b>-</b>

- 4 Counter guarantee to Indian Overseas Bank, State Bank of India & ICICI Bank for issuance of bank guarantee to subsidiary companies amounting to ₹ 500.00 crore (₹ 500.00 crore). Out of the total limit of ₹ 500.00 crore, Indian Overseas Bank, State Bank of India & ICICI Bank have issued bank guarantees to the extent of ₹ 93.92 crore (₹ 341.25 crore). Therefore, the balance limit for issuance of bank guarantees is ₹ 408.08 crore (₹ 158.75 crore).
- 5 The Company has given corporate guarantee to Punjab National Bank, Indian Overseas Bank and Bank of Baroda on behalf of and in respect of term loan facility for its subsidiary companies for an amount of ₹ 1,536.56 crore (Nil). The subsidiary companies have availed term loan of ₹ 326.27 crore (Nil) during the year against the guarantee provided.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 38. Segment Reporting

Disclosure as per Ind AS 108 " Operating Segment" is given as under:

##### A. General information

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.

##### B. Information about reportable segments and reconciliation to amounts reflected in the financial statements:

(₹ in crore)

Particulars	International		Domestic		Total	
	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Segment Revenue</b>						
Revenue from external customers	582.13	443.35	4,365.64	4,758.71	<b>4,947.77</b>	<b>5,202.06</b>
<b>Total Operating Revenue</b>	<b>582.13</b>	<b>443.35</b>	<b>4,365.64</b>	<b>4,758.71</b>	<b>4,947.77</b>	<b>5,202.06</b>
Interest income	2.92	5.34	203.93	187.11	<b>206.85</b>	<b>192.45</b>
Other Income	5.07	27.62	40.62	19.59	<b>45.69</b>	<b>47.21</b>
Inter – segment	-	-	-	-	-	-
<b>Total Revenue</b>	<b>590.12</b>	<b>476.31</b>	<b>4,610.19</b>	<b>4,965.41</b>	<b>5,200.31</b>	<b>5,441.72</b>
<b>Segment Result</b>						
Profit before provision, depreciation, interest and exceptional item and tax	41.53	201.37	563.85	521.80	<b>605.38</b>	<b>723.17</b>
Less: Provisions and write back	4.39	(7.02)	(5.37)	(9.25)	<b>(0.98)</b>	<b>(16.27)</b>
Less: Depreciation, amortization and impairment	(3.18)	(3.78)	(21.66)	(12.15)	<b>(24.84)</b>	<b>(15.93)</b>
Less: Interest	-	-	(5.54)	(18.40)	<b>(5.54)</b>	(18.40)
<b>Profit before tax</b>	<b>42.74</b>	<b>190.57</b>	<b>531.28</b>	<b>482.00</b>	<b>574.02</b>	<b>672.57</b>
Less: Tax expense	(32.08)	(27.61)	(137.38)	(155.18)	<b>(169.46)</b>	(182.79)
<b>Profit after tax</b>	<b>10.66</b>	<b>162.96</b>	<b>393.90</b>	<b>326.82</b>	<b>404.56</b>	<b>489.78</b>

##### C. Other Information

(₹ in crore)

Particulars	International		Domestic		Total	
	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Total Assets	577.43	647.03	10,087.06	9,299.44	<b>10,664.49</b>	<b>9,946.47</b>
Total Liabilities	501.43	576.57	5,756.58	5,208.77	<b>6,258.01</b>	<b>5,785.34</b>
Investment in joint ventures accounted for by equity method	-	-	-	-	-	-
Non current asset other than financial instruments, deferred tax assets, net defined benefit assets	25.15	29.39	803.24	875.89	<b>828.39</b>	<b>905.28</b>



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Particulars	International		Domestic		Total	
	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Capital Expenditure for the year ending (Addition to PPE, CWIP, Investment Property, Other Intangible Assets, Intangible assets under development and Right-to-use)	0.06	0.21	33.95	136.90	<b>34.01</b>	<b>137.11</b>

#### D. Information about major customer

During the year ended March 31, 2021, Operating Revenue of approximately **56.16 %** (57.53 %) derived from a single external customer in Domestic Segment

### 39. Revenue

#### 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:

(₹ in crore)

Type of Product or Services	For the year ended 31st March 2021						
	Revenue as per Ind AS 115			Method for measuring performance obligation		Other Revenue	Total as per Statement of Profit and Loss /Segment Reporting
	Dosmestic	Foreign	Total	Input Method	Output Method		
Railways	3,634.84	578.02	<b>4,212.86</b>	4,207.40	5.46	2.35	<b>4,215.21</b>
Highway	718.56	-	<b>718.56</b>	718.56	-	-	<b>718.56</b>
Electrical	0.02	-	<b>0.02</b>	0.02	-	-	<b>0.02</b>
Building	-	-	-	-	-	1.66	<b>1.66</b>
Others	-	-	-	-	-	12.32	<b>12.32</b>
<b>Total</b>	<b>4,353.42</b>	<b>578.02</b>	<b>4,931.44</b>	<b>4,925.98</b>	<b>5.46</b>	<b>16.33</b>	<b>4,947.77</b>

Out of the total revenue recognised under Ind AS 115 during the year, ₹ **4,925.98 crore** is recognised over a period of time and ₹ **5.46 crore** recognised point in time.

(₹ in crore)

Type of Product or Services	For the year ended 31st March 2020						
	Revenue as per Ind AS 115			Method for measuring performance obligation		Other Revenue	Total as per Statement of Profit and Loss /Segment Reporting
	Dosmestic	Foreign	Total	Input Method	Output Method		
Railways	3,700.83	420.76	<b>4,121.59</b>	4,121.59	-	6.62	<b>4,128.21</b>
Highway	947.72	-	<b>947.72</b>	947.72	-	5.45	<b>953.17</b>
Electrical	17.69	7.37	<b>25.06</b>	25.06	-	-	<b>25.06</b>
Building	1.08	-	<b>1.08</b>	1.08	-	-	<b>1.08</b>
Others	75.49	-	<b>75.49</b>	75.49	-	19.05	<b>94.54</b>
<b>Total</b>	<b>4,742.81</b>	<b>428.13</b>	<b>5,170.94</b>	<b>5,170.94</b>	-	<b>31.12</b>	<b>5,202.06</b>

Out of the total revenue recognised under Ind AS 115 during the year, ₹ **5,170.94 crore** is recognised over a period of time and - recognised point in time.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### B. Contract balances

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade Receivables (Note 12.1)	504.64	559.34
Contract Assets (Note 8.3 and 12.5)	783.26	695.03
Contract Liabilities (Note 20 and 22)	2,303.58	2,240.64

- (i) Trade receivables are non-interest bearing and the customer profile include Ministry of Railways, Public Sector Enterprises, State Owned Companies in India and abroad. 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

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contract asset at the Beginning of the year	695.03	580.94
Contract asset at the end of the year	783.26	695.03
<b>Net increase/(decrease)</b>	<b>88.23</b>	<b>114.09</b>

For the year 2020-21 and 2019-20 – There has been a net increase of ₹ 88.23 crore and ₹ 114.09 crore respectively as compared to previous year mainly 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

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contract liabilities at the beginning of the year	2,240.64	2,747.36
Contract liabilities at the end of the year	2,303.58	2,240.64
<b>Net increase/(decrease)</b>	<b>62.94</b>	<b>(506.72)</b>

For the year 2020-21 – There has been a net increase of ₹ 62.94 crore as compared to previous year mainly due to advance received from the client and for the year 2019-20, there has been a net reduction of ₹ 506.72 crore as compared to previous year mainly due to adjustment of advance payment received from client against works executed during the year.

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

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Amount included in contract liabilities at the beginning of the year	1,334.43	1,812.63
Performance obligation satisfied in previous years	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### D. Cost to obtain the contract

Amount recognised as asset as at 31st March, 2021 is **Nil** (As at 31st March, 2020: Nil)

Amount of amortisation recognised in the statement of profit and loss during the year is **Nil** (FY 2019-20: Nil)

#### E. 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 31st March are, as follows:

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Within one year	6,000.00	3,500.00
More than one year to 2 years	7,000.00	6,000.00
More than 2 years	21,689.00	21,213.00
<b>Total</b>	<b>34,689.00</b>	<b>30,713.00</b>

## 40. Leases

### a) Company as a Lessee

The Company as a lessee has entered into various lease contracts, which includes lease of land, office space, guest house and vehicles.

The Company also has certain leases of offices and guest house with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

#### Right of Use Assets

The carrying amounts of right-of-use assets recognised and the movements during the year are disclosed in Note 7.

#### Lease Liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

(₹ in crore)

	As at 31st March, 2021
<b>Opening Balance at April 1, 2020</b>	0.17
Transition impact on account of adoption of Ind AS 116	-
Accreditation of interest	0.01
Payments	(0.02)
<b>Balance at March 31, 2021</b>	<b>0.16</b>
<b>Current</b>	<b>0.01</b>
<b>Non-current</b>	<b>0.15</b>

The maturity analysis of the lease liability is included in Note - 31 Financial risk management objectives and policies under maturities of financial liabilities.

(₹ in crore)

	For the Year ended 31st March, 2021
Depreciation expense of right-of-use assets (Refer Note 29)	0.37
Interest expense on lease liabilities (Refer Note 28)	0.01
Expense relating to short-term leases (Refer Note 26 (iii))	4.98
	<b>5.36</b>

The Company has several lease contracts that include extension and termination options. These options are negotiated by management and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Following are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

(₹ in crore)

	Within five years	More than five years	Total
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
	-	-	-

#### b) Company as a Lessor

- (i) The Company has given buildings under operating lease. Lease income (rental and service charges) aggregating ₹ 8.15 crore (₹ 7.58 crore) has been recognized in the Statement of Profit and Loss as per lease arrangements.
- (ii) The Company has given Machinery under operating lease. Lease income aggregating ₹ 3.75 crore (₹ 16.66 crore) has been recognized in the Statement of Profit and Loss as per lease arrangement.

Future minimum rentals receivable under non-cancellable operating leases is as follows:

(₹ in crore)

	For the Year ended 31st March, 2021
Within one year	-
After one year but not more than five years	-
More than five years	-
	-

#### 41. Disclosure as required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

In compliance of Regulation 34(3) of SEBI (LODR) Regulation, 2015, the required information are given as under:

	Name of the Company	Outstanding balance		Maximum amount outstanding during the year ended	
		As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
<b>A</b>	<b>Loans and advances in the nature of loans:</b>				
	<b>To Subsidiary Companies</b>				
	Ircon PB Tollway Limited	336.00	417.22	417.22	474.74
	Ircon ShivpuriGuna Tollway Limited	526.00	564.15	564.15	568.35
	Ircon Davanagere Haveri Highway Limited	26.46	269.22	353.18	269.22
	Ircon Vadodara Kim Expressway Limited	589.50	181.00	589.50	181.00
	<b>To Joint Venture Companies</b>				
	Chhattisgarh East-West Railway Limited	-	39.00	39.00	39.00
<b>B</b>	<b>Investment by the loanee (as detailed above) in the shares of the Company and its subsidiaries</b>	-	-	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 42. Disclosure pursuant to section 186 of The Companies Act 2013:

S. No.	Nature of the transaction (loans given/ investments made/guarantees given)	Purpose for which the loan/guarantee/security is proposed to be utilised by the recipient	As at 31st March, 2021	As at 31st March, 2020
(A)	<b>Loans and Advances</b>			
	<b>Subsidiary Company</b>			
	Ircon Shivpuri Guna Tollway Limited	Project funding	526.00	564.15
	Ircon PB Tollway Limited	Project funding	336.00	417.22
	Ircon Vadodara Kim Expressway Limited	Project funding	589.50	181.00
	Ircon Davanagere Haveri Highway Limited	Project funding	26.46	269.22
	<b>Joint Ventures</b>			
	Chhattisgarh East West Railway Limited	Project funding	-	39.00
	<b>Total</b>		<b>1,477.96</b>	<b>1,470.59</b>
(B)	<b>Guarantees</b>		<b>Refer Note 37</b>	
(C)	<b>Investments in fully paid equity shares</b>		<b>Refer Note 8.1</b>	

### 43. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

(₹ in crore)

S. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
	Principal amount due to micro and small enterprises	5.87	4.28
	Interest due on above	0.24	-
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	-	-

### 44. Corporate Social Responsibility Expenses (CSR)

As per Section 135 of the Companies Act, 2013 read with guidelines issued by Department of Public Enterprises, GOI, the Company is required to spend, in every financial year, at least two percent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### a) Amount required to be spent on CSR Activities

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Gross amount required to be spent by the Company during the year	10.27	9.88
Deposited and claimed in earlier years, now refunded *	0.15	-
<b>Total</b>	<b>10.42</b>	<b>9.88</b>

\* CSR expenditure (Note 26(iii)) of ₹ 10.27 crore is after netting off of the refund.

### b) Amount spent on CSR Activities

(₹ in crore)

Particulars	For the year ended 31st March 2021			For the year ended 31st March 2020		
	Paid in Cash	Yet to be Paid	Total	Paid in Cash	Yet to be Paid	Total
On Construction/acquisition of asset*	0.61	-	0.61	2.34	-	2.34
On purposes other than above	9.81	-	9.81	7.70	-	7.70
<b>Total</b>	<b>10.42</b>	<b>-</b>	<b>10.42</b>	<b>10.04</b>	<b>-</b>	<b>10.04</b>

\*Assets purchased and handed over to respective organisation and are not being held by the Company.

### c) Balance amount to be spent on CSR Activities

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Gross amount required to be spent by the Company during the year (as per (a) above)	10.42	9.88
Amount spent by the Company during the year (as per (b) above)	10.42	10.04
<b>Balance amount to be incurred by the company</b>	<b>-</b>	<b>-</b>

### d) Break-up of the CSR expenses under major heads is as under:

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contribution to Prime Minister CARES Fund for fighting against COVID-19	8.54	4.50
Eradicating hunger, poverty & malnutrition, promoting preventive healthcare & sanitation & making available safe drinking water	0.84	1.72
Promoting Education, including special education and employment enhancing vocation skills especially among children.	0.35	2.97
Ensuring environmental sustainability	0.02	0.33
Setting up homes and hostels for women and orphans, Setting up old age homes, day care centres and such other facilities for senior citizens.	0.35	0.18
Sports	0.19	-
Others (including Other Admin Cost)	0.13	0.34
<b>Total</b>	<b>10.42</b>	<b>10.04</b>

## NOTES TO STANDALONE FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 45. Covid -19 Disclosure

The coronavirus (Covid-19) has created the biggest global crisis, sending shock waves through health systems, economies, and societies around the world. It continues to impact key geographies that we operate in, with almost all countries are reporting second waves of infections. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, have resulted in significant disruption to normal operations of the Company by way of interruption of project execution, supply chain disruption and unavailability of personnel.

#### Financial performance

Due to the impact of lockdown during the first quarter of the year and pressure on supply chain to some extent in the 2nd quarter, the revenue and profitability target was revised keeping a steep target in the 2nd half of the year. During the 2nd half of the year, the company did exceptionally well and surpassed its previous year's performance during this period and ultimately could surpass its revised budgeted turnover and profitability for the current year. However, the result for the year ended are, to that extent, not comparable with those for the previous periods.

#### Liquidity

The Company has access to sufficient liquidity for its operation and also its strong order book of over INR 34,600 Crore provides sufficient cash flow visibility.

#### Steps taken for smooth functioning

The Company has continued with stringent monitoring processes for Covid-19 ensuring thermal screening of all employees and visitors, sanitizing the premises and vehicles on regular basis, maintenance of social distancing at all work places and enforcing wearing of masks.

Further, the company initiated several measures to help its employees and their families, including establishing COVID Care Centers, vaccination centers, and providing them access to medical care facilities.

#### Estimation of the future impact of Covid-19

The Company has considered the possible effects that may result from Covid-19 in the preparation of its financial results including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of Covid-19, the Company has used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The actual impact of the 2nd and possible 3rd wave of this 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.

### 46. Recent pronouncement

Ministry of Corporate Affairs ("MCA") notifies new accounting standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notification dated 24th March, 2021 to amend Division I, II and III of Schedule III of the Companies Act, 2013 to enhance the disclosures required to be made by the Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st April, 2021. The amendments are extensive and the Company will evaluate the impact of these amendments to ensure compliance with the law.

### 47. Other disclosures

- a) The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, rate of income tax has been changed from 34.944% to 25.168%.

Upto AY 2019-20 Company was making provision for income Tax without considering deduction under section 80-IA. For the period commencing from AY 2000-01 to 2019-20, deduction u/s 80-IA was allowed to company by CIT (A) for eight different years (AY 2004-05, 2005-06, 2007-08, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17) and for AY 2000-01, 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 it was allowed by ITAT. Out of these years company is still carrying provision for deduction u/s 80-IA for the AY 2007-08, 2012-13 and 2013-14 having conservative

## NOTES TO STANDALONE FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

approach, considering appeals filed by department against company for these years. However, AY 2014-15 onwards, after allowance of deduction u/s 80-IA by CIT (A) company writes back provision made against deduction u/s 80-IA.

Upto AY 2019-20 company was offering global income for tax in India after excluding the income in accordance with DTAA agreements where income earned from foreign countries are excluded from global income offered for taxation. The company was allowed exclusion method upto AY 2005-06, thereafter credit against taxes paid in foreign countries have been allowed from taxes computed on global income by department. After paying the due tax the issue has been contested by filing appeals which are pending for disposal before ITAT.

- b) There are certain other matters pending in litigations against the Company before various courts and appellate authorities on account of claims by some contractors in cost plus projects. In such cases, the Company envisages reimbursement from the Clients in full as per the terms of contract and expects no economic outflow of resources. In this respect, a total claim of **₹ 2,134.49 crore** (₹ 2,190.76 crore) is under litigation, for which provision of **₹ 6.19 crore** (₹ 5.58 crore) has been made and reimbursed by the client. The Company has also made counter claims on the contractors of **₹ 1,048.42 crore** (₹ 1,128.25 crore). Interest on claims is not considered, being unascertainable.
- c) Hon'ble High Court has permitted to release an arbitration award, amounting to **₹ 97.96 Crore** against NHAI for UP-05 ,Orai Highway Project against submission of bank guarantee of equivalent amount. The company has provided liability of equivalent amount till final decision of the Court.
- d) The Company has a system of obtaining periodic confirmation of balances from banks and other parties. So far as trade/other payables and loans and advances are concerned, the balance confirmation letters were sent to the parties. Balances of some of the Trade Receivables, Other Assets, Trade and Other Payables are subject to confirmations/reconciliations and consequential adjustment, if any. Reconciliations are carried out on on-going basis. However, management does not expect to have any material financial impact of such pending confirmations / reconciliations.
- e) Certain reclassifications and recasting have been made to the comparative period's financial statements to enhance comparability with the current year's financial statements. These reclassifications have no effect on the reported results of operations.
- f) Previous year figures are shown under bracket () to differentiate from current year figures.
- g) In the opinion of the management, the value of assets, other than property, plant and equipment and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

#### As per our Report of even date attached

##### For HDSG & Associates

Chartered Accountants  
FRN : 002871N

Sd/-

##### Harbir Singh Gulati

Partner  
M. No. 084072

Place : New Delhi

Date : 30th June, 2021

#### For and on behalf of Board of Directors

Sd/-

##### Yogesh Kumar Misra

Director (Works)  
DIN-07654014

Sd/-

##### Surajit Dutta

Chief Financial Officer

Sd/-

##### M. K. Singh

Chairman & Managing Director  
CEO and Director (Finance)  
DIN - 06607392

Sd/-

##### Ritu Arora

Company Secretary  
FCS No. 5270

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# Consolidated Financial Statements 2020–21

# FORM AOC – 1

Statement containing salient features of Financial Statements of Subsidiaries/Joint Ventures as at 31.03.2021

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

## Part A "Subsidiaries"

(₹ in crore)

Sr. No.	Name of the Subsidiary	Ircon Shivpuri Guna Tollway Limited (ISGTL)	Ircon PB Tollway Limited (IPBTL)	Ircon Davanagere Haveri Highway Limited (IDHHL)	Ircon Infrastructure & Services Limited (IISL)	Ircon Vadodara Kim Expressway Limited (IVKEL)	Ircon Gurgaon Rewari Highway Limited (IGRHL)
1	Reporting period for the Subsidiary	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021	01.04.2020 to 31.03.2021
2	Reporting Currency	₹	₹	₹	₹	₹	₹
3	Share Capital(Including share application money pending allotment)	150.00	165.00	164.05	65.00	10.00	0.05
4	Other equity/Reserves & surplus (as applicable)	(76.25)	(36.76)	4.20	94.64	126.34	0.01
5	Liabilities	542.54	381.10	432.20	180.34	653.01	0.13
6	Total Equity and Liability	616.29	509.34	600.45	339.98	789.35	0.19
7	Total Assets	616.29	509.34	600.45	339.98	789.35	0.19
8	Investments	-	-	-	-	-	-
9	Turnover	110.78	54.86	193.06	194.39	487.62	0.13
10	Profit before taxation	(14.06)	(13.09)	0.87	14.14	0.42	-
11	Provision for taxation	-	8.29	0.22	8.36	0.15	(0.01)
12	Profit after taxation	(14.06)	(21.38)	0.65	5.78	0.28	0.01
13	Interim Dividend – Equity	-	-	-	-	-	-
14	Interim Dividend – Preference	-	-	-	-	-	-
15	Proposed Dividend – Equity	-	-	-	-	-	-
16	Proposed Dividend – Preference	-	-	-	-	-	-
17	% of share holding	100%	100%	100%	100%	100%	100%

As per our Report of even date attached

**For HDSG & Associates**

Chartered Accountants  
FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner  
M. No. 084072

Place : New Delhi  
Date : 30th June, 2021

For and on behalf of Board of Directors

Sd/-

**Yogesh Kumar Misra**

Director (Works)  
DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director  
CEO and Director (Finance)  
DIN – 06607392

Sd/-

**Ritu Arora**

Company Secretary  
FCS No. 5270

## Part B "Joint Ventures"

(₹ in crore)

Sr. No.	Name of Joint Ventures	Bastar Railway Private Limited	Chattisgarh East Railway Limited	Chattisgarh East West Railway Limited	Ircon – Soma Tollway Private Limited	Jharkhand Central Railway Limited	Mahanadi Coal Railway Limited	Indian Railway Stations Development Corporation Ltd
1	Latest audited Balance Sheet Date	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21	31-Mar-21
2	Shares of Joint Venture held by the company on the year end	26%	26%	26%	50%	26%	26%	26%
	Number of shares held	7,63,37,300	14,25,75,700	13,11,70,000	6,38,70,000	1,30,00,000	13,000	5,19,99,699
	Amount of Investment in Joint Venture (Note 2 Below)(in ₹ )	76,33,73,000	1,42,57,57,000	1,31,17,00,000	63,87,00,000	63,00,00,000	1,30,000	51,99,96,990
	Total No of Shares	29,36,05,000	67,14,68,800	50,40,55,000	12,77,40,000	8,77,29,862	50,000	19,99,99,398
	Extent of Holding %	26.00%	21.23%	26.02%	50%	14.82%	26.00%	26.00%
3	Description of how there is significant influence	Refer Note 1 (Below)						
4	Reason why the Joint Venture is not consolidated	NA	NA	NA	NA	NA	NA	NA
5	Net worth attributable to shareholding as per latest audited balance sheet (₹ in Crore)	294.60	656.03	503.09	174.00	90.86	(0.87)	302.67
6	Profit/ (loss) for the year (₹ in Crore)	0.54	7.76	(0.27)	54.96	1.28	(0.06)	4.53
	(i) Considered in consolidation (₹ in Crore)	0.14	1.65	(0.07)	27.48	0.19	0.00	2.47
	(ii) Not considered in consolidation (₹ in Crore)	0.40	6.11	(0.20)	27.48	1.09	(0.06)	2.06

### Notes

- 1 Significant influence is demonstrated by holding 20% or more of the voting power of the investee.
- 2 Amount of Investment in Joint Venture  
Deemed Equity-JCRL : ₹ 50 Crore

### As per our Report of even date attached

#### For HDSG & Associates

Chartered Accountants  
FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner  
M. No. 084072

Place : New Delhi  
Date : 30th June, 2021

### For and on behalf of Board of Directors

Sd/-

**Yogesh Kumar Misra**

Director (Works)  
DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director  
CEO and Director (Finance)  
DIN – 06607392

Sd/-

**Ritu Arora**

Company Secretary  
FCS No. 5270

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRCON INTERNATIONAL LIMITED

## Report on the Audit of the Consolidated Ind AS Financial Statements

### Opinion

We have audited the accompanying Consolidated Ind AS financial statements of IRCON INTERNATIONAL LIMITED (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flows Statement for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

We have audited the financial statements of the three (3) foreign branches situated at South Africa, Malaysia and Sri Lanka (Indian part) for the year ended 31st March, 2021. However, we have not visited any foreign branch and the relevant information for the audit purpose was provided to us by the management at corporate office level.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Consolidated Ind AS financial statements in accordance with Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Ind AS financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the Independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to it "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statement.

### Emphasis of Matter

We invite attention to Note No. 47 of the Consolidated Financial Statements which describes the impact of Covid-19, a global pandemic, in the preparation of Financial results including the recoverability of carrying amounts of Financial and Non-financial assets of the company.

Our opinion is not modified in respect of the above matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS 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 to be communicated in our report.

Key Audit Matter	How our audit addressed the matter
<p><b>Revenue Recognition in terms of Ind AS 115 "Revenue from Contracts with Customers"</b></p> <p>Accounting Standard on Revenue which prescribes five steps revenue recognition model.</p> <p>The Group recognizes revenue for a performance obligation satisfied over time after estimating its progress towards complete satisfaction of the performance obligation.</p>	<p>Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies and assessing compliance with the policies in terms of the applicable accounting standards.</p> <p>Evaluated the effectiveness of control over the preparation of information that are design to ensure the completeness and accuracy</p>

Key Audit Matter	How our audit addressed the matter
<p>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.</p> <p>The Group 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 depict the Company's performance towards complete satisfaction of the performance obligation.</p> <p>During order fulfillment, contractual obligations may need to be reassessed. In addition, change orders or cancelations 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.</p> <p>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.</p> <p>For details refer Note 43 to the Standalone Ind AS Financial Statements.</p>	<p>Selected a sample of contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and satisfaction of performance obligations. We also examined costs included within WIP balances on a sample basis and tested their recoverability through comparing the net realizable values as per the agreements with estimated cost to complete.</p> <p>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:</p> <ul style="list-style-type: none"> <li>• Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Group.</li> <li>• Considered the terms of the contracts to verify the transaction price used to allocate to separate performance obligations.</li> <li>• Checked whether the performance obligation is being satisfied over the period of time or at a point in time</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed</li> </ul>
<p><b>System Environment and internal Controls</b></p> <p>The holding company is having SAP system in place but for the foreign projects they are using the Tally system for preparing the financial statement of the foreign projects.</p> <p>FI-CO module is working since 2012-13 with its limited functionalities with no integration support from any other system like payroll, inventory etc. Further, the SAP project system module (PS) is required to generate the projects invoices with integration support.</p> <p>The IT system in the holding company are not fully automated and manual interventions are in place in preparing and reporting of financial statements.</p> <p>Further, the subsidiary companies are also using Tally system for preparation of financial statements.</p>	<p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Discussing with management and IT department on the IT environment and consideration of the key financial processes to understand where IT systems were integral to the financial reporting process.</li> <li>• Testing the design of the key IT controls relating to financial reporting systems of the holding company.</li> <li>• We also tested the holding company's controls around system interfaces, and the transfer of data from one system to another.</li> <li>• We applied substantive audit procedures to ensure that areas where there are manual controls are operating effectively</li> </ul>
<p><b>Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report thereon</b></p> <p>The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.</p>	<p>Our opinion on the consolidated Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.</p> <p>In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our</p>

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.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated change in equity and consolidated cash flows of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with companies (Indian Accounting Standard) Rules, 2015, as amended from time to time.

The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for assessing the ability of the Group and of its jointly controlled entities 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its jointly controlled entities.

### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 consolidated Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS 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.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent, subsidiary company and its jointly controlled entities which are Companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 ability of the Group 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 consolidated Ind AS 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 Group to cease to

continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.\
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated Ind AS financial statements of such entities included in the consolidated Ind AS financial statements.

Materiality is the magnitude of misstatements in the consolidated Ind AS 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.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statement 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS 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.

#### Other Matters

- We did not audit the financial statements / financial

information of three (3) foreign branches of holding company included in the consolidated Ind AS financial statement of the Group whose financial statements/ financial information reflect total assets of ₹ 411.85 crores (Previous year ₹ 410.00 crores) as at 31st March 2021, total revenue of ₹ 518.97 crores (Previous Year ₹ 377.47 crores) and total PBT of ₹ 36.64 crores (previous year ₹ 63.92 crores), for the year ended on that date, as considered in the consolidated Ind AS financial statements. The financial statements/ information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosure included in respect of these branches, is based solely on the reports of such branch auditors.

- The financial statements include (₹ 17.99 crores) (Previous Year ₹ 0.18 Crores) profit/(loss) net, the holding company's share in three integrated joint operations (unincorporated) accounts which have been certified by other firms of chartered Accountants and ₹ 0.51 Crores (Previous Year ₹ Nil) profit net the holding company's share in 1 joint operation account certified by the management.
- We did not audit the financial statements/financial information of six subsidiaries whose financial statements/financial information reflect Total Assets of ₹ 2,855.60 Crores (Previous Year ₹ 2,664.44 Crores) as at 31st March 2021, Total Revenues of ₹ 323.14 Crores (Previous Year ₹ 97.96 Crores) and net increase/ (decrease) in cash flows amounting to (₹ 32.15 Crores) (Previous Year ₹ 107.19 Crores) for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated financial statements also include the group's share of ₹ 31.87 Crores (Previous Year ₹ 30.44 Crores) profit (net) using equity method for the year ended 31st March, 2021 as considered in the consolidated financial statements in respect of seven jointly controlled entities whose financial statements/ financial information have not been audited by us.

These financial statements/ financial information have been audited by other auditors whose financial statements/ financial information have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements in so far as it relates to the amounts and disclosure included in respect of these subsidiaries, jointly controlled entities and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries & Jointly controlled entities, is based solely on the reports of the other Auditors after considering the requirement of Standard on Auditing (SA 600) on 'Using the work of Another Auditor' including materiality.

The comparative financial information of the Group for the year ended March 31, 2020 included in the consolidated financial statement, are based on the previously issued statutory financial statement prepared in accordance with the Ind AS audited by the predecessor auditors whose report for the year ended 31st March 2020 dated July 10th, 2020 express an unmodified opinion on those consolidated Ind AS financial statement.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated Ind AS financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The reports on the accounts of the branch offices of the Holding Company, and its subsidiaries and jointly controlled companies incorporated in India, audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with in preparing this report.
  - d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - e) In our opinion, the aforesaid consolidated Ind

AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with relevant rules issued there under.

- f) Being a Government Company, Provision of section 164(2) of the Act are not applicable pursuant to notification No.G.S.R.463(E) dated 5th June, 2015, issued by Central Government of India.
  - g) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
  - h) Being a government company, provision of section 197 of the Act are not applicable vide notification no. GSR 463 (E) dated 5th June 2015, issued by the Central Government of India.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Holding Company has disclosed the impact of pending litigations as at 31st March, 2021 on the consolidated financial position of the Group, and its jointly controlled entities. Refer Note No. 40 to the Consolidated Ind AS financial statements.
    - (ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. Refer Note No.21.2 to the consolidated Ind AS financial statements. The Group did not have any derivative contracts for which there were any material foreseeable losses.
    - (iii) There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, jointly controlled entities incorporated in India.
2. As required by Section 143(5) of the Act and as per directions issued by Comptroller and Auditor General of India, we report that:



S. No	Directions	Auditor's Replies
1.	Whether the Group has system in place to process all the accounting transactions 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.	Group is using SAP/Tally system to process all the accounting transactions. As per the information and explanation provided to us no accounting transactions have been processed outside the IT system except Income Billing for which no financial implications were observed.
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 Group due to the Group's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender Group company).	No, the Group is having no case of any restricting 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 except, Ircon PB Tollways Ltd. (IPBTL), who has applied to lender its holding company for re-structuring of loan and waiver of interest amounting to ₹ 29.19 Crore for the year 2020-21.
3.	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation	According to the information and explanation given to us and as per our examination of records, no funds have been received/receivable by the Group for any specific scheme from central/state agencies during the financial year 2020-21 except Ircon PB Tollways Ltd. (IPBTL) has recorded a Viability Gap Funding (VGF) in form of equity support for the project as receivable from National Highway Authority of India (NHAI). IPBTL has fully received VGF from NHAI and the same has been accounted and utilized as per the terms and conditions of the agreement.

**For HDSG & ASSOCIATES**  
Chartered Accountants  
Firm Registration No: 002871N

sd/-  
**Harbir Singh Gulati**  
(Partner)

Membership No: 084072  
UDIN: 21084072AAAADD6534

Place: New Delhi  
Date: 30th June, 2021

## **"Annexure A" to the Independent Auditors' Report of even date on the Consolidated Ind AS Financial Statements of IRCON INTERNATIONAL LIMITED**

### **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 INTERNATIONAL LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Jointly controlled entities as of March 31, 2021 in conjunction with our audit of the consolidated Ind AS financial statements of the Group and its jointly controlled entities for the year ended on that date. We did not audit the internal financial controls over financial reporting of its six subsidiary companies and seven jointly controlled entities, as of that date.

### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company's and its subsidiary company and jointly controlled company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its Subsidiary Company and jointly controlled company which are companies incorporating in India 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 respective Group'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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting 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") issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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.

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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A Holding 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 Holding 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 Holding 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 un-authorized acquisition, use, or disposition of the Holding company's assets that could have a material effect on the consolidated Ind AS financial statements.

### **Inherent 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 periods 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.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies and jointly controlled entities, which are incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding 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. However, internal control needs further strengthening in respect of the following areas identified as on 31.03.2021 as it appears from our examination of the books and records of the Holding company and the reports of the other auditors in respect of entities audited by them and representation received from the management for entities audited.

- a) The Holding Company has an integrated ERP system which was not used at its full potential. Salary is processed from SQL server rather than SAP. Some of the subsidiary company and jointly controlled entities and foreign projects have not used the ERP

system for the preparation of financial accounts instead software "Tally" was used for the same with manual interventions. Further, the SAP project system module (PS) is required to generate the projects invoices with integration support.

- b) The Inventory records at some units of the holding company is maintained manually and the inventory manual in SAP is under consideration. Further continuous identification system of surplus/obsolete/non-moving/ broken assets and material/stores needs to be strengthened.
- c) System of reconciliation of GST ITC in form GSTR 2A with books of account needs to be strengthened in some of the projects of the holding company. So as to ensure that all amount paid by the holding company to their respective suppliers/service providers is being duly deposited in Govt. account by them.

Our opinion is not modified in respect of the above matters.

### Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, insofar as it relates to six audited subsidiary companies and seven jointly controlled entities, is based on the corresponding reports of the other auditors (also refer paragraph on Other Matters of the Independent Auditors' Report on Consolidated Ind AS Financial Statements).

We have considered the identified areas and reported above in determining the nature, timing and extent of audit procedures applied in our audit of the consolidated financial statements of the group for the year ended 31st March, 2021 and these areas do not affect our opinion on the Consolidated Ind AS financial statements of the Company.

Place: New Delhi  
Date: 30th June, 2021

**For HDSG & ASSOCIATES**  
Chartered Accountants  
Firm Registration No: 002871N

sd/-  
**Harbir Singh Gulati**  
(Partner)  
Membership No: 084072  
UDIN: 21084072AAAADD6534

# CONSOLIDATED BALANCE SHEET

As at 31<sup>st</sup> March 2021

(₹ in crore)

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
<b>I. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, Plant and Equipment	3	259.98	275.83
(b) Capital Work-in-Progress	4	3.17	2.97
(c) Investment Property	5	511.01	489.02
(d) Intangible Assets	6	1,146.39	1,211.63
(e) Intangible Assets under Development	7	9.79	26.73
(f) Right-of-use Assets	8	4.80	5.17
(g) Investments accounted for using the equity method	9	558.89	512.02
(h) Financial Assets	10		
(i) Investments	10.1	291.46	291.45
(ii) Loans	10.2	0.48	39.33
(iii) Others	10.3	868.20	458.71
(i) Deferred Tax Assets (Net)	11	70.49	90.14
(j) Other Non-Current Assets	12	47.64	129.61
<b>Total Non-Current Assets</b>		<b>3,772.30</b>	<b>3,532.61</b>
<b>2 Current Assets</b>			
(a) Inventories	13	120.65	320.67
(b) Financial Assets	14		
(i) Trade Receivables	14.1	630.77	551.19
(ii) Cash and Cash Equivalents	14.2	414.20	512.87
(iii) Other Bank Balances	14.3	3,032.24	2,159.74
(iv) Loans	14.4	0.95	1.62
(v) Others	14.5	1,306.40	1,358.65
(c) Current Tax Assets (Net)	15	31.28	30.16
(d) Other Current Assets	16	1,944.74	1,712.24
		7,481.23	6,647.14
<b>Assets held for sale</b>	17	0.45	0.93
<b>Total Current Assets</b>		<b>7,481.68</b>	<b>6,648.07</b>
<b>Total Assets</b>		<b>11,253.98</b>	<b>10,180.68</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity Share Capital	18	94.05	94.05
(b) Other Equity	19	4,309.08	4,077.23
<b>Equity attributable to Owners of the parent</b>		<b>4,403.13</b>	<b>4,171.28</b>
Non Controlling Interest		-	-
<b>Total Equity</b>		<b>4,403.13</b>	<b>4,171.28</b>

## CONSOLIDATED BALANCE SHEET

### As at 31<sup>st</sup> March 2021

Particulars	Note No.	As at 31st March 2021	As at 31st March 2020
<b>2 Liabilities</b>			
<b>(i) Non-Current Liabilities</b>			
(a) Financial Liabilities	20		
(i) Borrowings	20.1	312.09	-
(ii) Trade Payables	20.2		
- Total outstanding dues of Micro Enterprises and Small Enterprises		-	-
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		-	-
(iii) Other Financial Liabilities	20.3	283.10	400.75
(b) Provisions	21	107.58	78.90
(c) Other Non-Current Liabilities	22	364.96	298.16
<b>Total Non-Current Liabilities</b>		<b>1,067.73</b>	<b>777.81</b>
<b>(ii) Current Liabilities</b>			
(a) Financial Liabilities	23		
(i) Trade Payables	23.1		
- Total outstanding dues of Micro Enterprises and Small Enterprises		14.77	8.08
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		743.25	581.11
(ii) Other Financial Liabilities	23.2	2,443.33	2,114.24
(b) Other current liabilities	24	2,292.27	2,256.30
(c) Provisions	21	202.29	239.83
(d) Current Tax liability (Net)	25	87.21	32.03
<b>Total Current Liabilities</b>		<b>5,783.12</b>	<b>5,231.59</b>
<b>Total Equity and Liabilities</b>		<b>11,253.98</b>	<b>10,180.68</b>
III. Summary of Significant Accounting Policies	2		
IV. Notes Forming Part of Financial Statements	1 – 50		

#### As per our Report of even date attached

##### For HDSG & Associates

Chartered Accountants  
FRN : 002871N

Sd/-

##### Harbir Singh Gulati

Partner  
M. No. 084072

Place : New Delhi  
Date : 30th June, 2021

#### For and on behalf of Board of Directors

Sd/-

**Yogesh Kumar Misra**  
Director (Works)  
DIN-07654014

Sd/-

**Surajit Dutta**  
Chief Financial Officer

Sd/-

**M. K. Singh**  
Chairman & Managing Director  
CEO and Director (Finance)  
DIN – 06607392

Sd/-

**Ritu Arora**  
Company Secretary  
FCS No. 5270

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For The Year Ended 31<sup>st</sup> March 2021

(₹ in crore)

Particulars		Note No.	For the year ended 31 <sup>st</sup> March 2021	For the year ended 31 <sup>st</sup> March 2020
<b>I.</b>	<b>Revenue :</b>			
	Revenue from operations	26	5,341.96	5,391.11
<b>II.</b>	Other income	27	181.49	148.57
<b>III.</b>	<b>Total Income (I + II)</b>		<b>5,523.45</b>	<b>5,539.68</b>
<b>IV.</b>	<b>Expenses:</b>			
	Materials and Stores Consumed	28 (i)	366.63	349.71
	(Increase) / Decrease in WIP	28 (ii)	211.77	15.89
	Project Expenses	28 (iii)	3,973.96	4,097.48
	Employee Benefits Expenses	29	247.39	279.34
	Finance Costs	30	23.30	27.84
	Depreciation, Amortisation and Impairment	31	92.09	82.94
	Other Expenses	28 (iii)	45.65	44.93
	<b>Total Expenses (IV)</b>		<b>4,960.79</b>	<b>4,898.13</b>
<b>V.</b>	Profit before exceptional items and tax (III - IV)		562.66	641.55
<b>VI.</b>	Exceptional items		-	-
<b>VII.</b>	Share in Profit/(Loss) of Joint Ventures accounted for using equity method		14.86	30.40
<b>VIII.</b>	Profit before tax (V + VI + VII)		577.52	671.95
<b>IX</b>	<b>Tax expenses:</b>			
	(1) Current tax	11		
	- For the Period		148.94	163.16
	- For earlier years (net)		17.87	(14.76)
	(2) Deferred tax (net)		19.65	38.28
	<b>Total Tax Expense</b>		<b>186.46</b>	<b>186.68</b>
<b>X</b>	<b>Profit for the year (VIII - IX)</b>		<b>391.06</b>	<b>485.27</b>
<b>XI</b>	<b>Other Comprehensive Income</b>	32		
	A. (i) Items that will not be reclassified to profit or loss		(0.40)	1.19
	(ii) Income Tax relating to Items that will not be reclassified to profit or loss		0.10	(0.30)
	B. (i) Items that will be reclassified to profit or loss		(1.21)	(5.15)
	(ii) Income Tax relating to Items that will be reclassified to profit or loss		0.30	1.30
	<b>Other Comprehensive Income/(Expense) for the year, net of income tax</b>		<b>(1.21)</b>	<b>(2.96)</b>
<b>XII</b>	<b>Total Comprehensive Income for the year (X + XI) (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>389.85</b>	<b>482.31</b>
<b>XIII</b>	Profit attributable to:			
	Owners of the Parent		391.06	485.27
	Non Controlling Interest		-	-
<b>XIV</b>	Other Comprehensive Income attributable to:			
	Owners of the Parent		(1.21)	(2.96)
	Non Controlling Interest		-	-
<b>XV</b>	Total Comprehensive Income attributable to:			
	Owners of the Parent		389.85	482.31
	Non Controlling Interest		-	-
<b>XVI</b>	<b>Earnings Per Equity Share attributable to owners of the parent</b>			
	(1) Basic (in ₹ )	38	4.16	5.16
	(2) Diluted (in ₹ )		4.16	5.16
	Face Value Per Equity Share		2.00	2.00
<b>XVII</b>	Summary of Significant Accounting policies	2		
<b>XVIII</b>	Notes Forming Part of Financial Statements	1 - 50		

As per our Report of even date attached

**For HDSG & Associates**

Chartered Accountants

FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner

M. No. 084072

Place : New Delhi

Date : 30th June, 2021

For and on behalf of Board of Directors

Sd/-

**Yogesh Kumar Misra**

Director (Works)

DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director

CEO and Director (Finance)

DIN - 06607392

Sd/-

**Ritu Arora**

Company Secretary

FCS No. 5270

# CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 31<sup>st</sup> March 2021

(₹ in crore)

Particulars		For the year ended 31 <sup>st</sup> March 2021	For the year ended 31 <sup>st</sup> March 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before taxation		577.52	671.95
<b>Adjustment for :</b>			
Interest on unwinding of financial instruments (Net)		-	(0.14)
Amortisation of financial instruments (Net)		-	0.14
Interest Expense on Loan		6.58	-
Depreciation, amortization and impairment		92.09	82.94
Profit on Sale of Assets (net)		(3.75)	(28.53)
Profit on Sale of Mutual Funds		(2.01)	(0.96)
Share in Profit/(Loss) of Joint Ventures		(14.86)	(30.40)
Interest Income		(82.83)	(83.19)
Dividend Income on Other Investments		-	(4.00)
Dividend Received from Joint Venture Company		(17.00)	-
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents		7.97	(0.12)
<b>Operating Profit before working capital changes</b>	<b>(1)</b>	<b>563.71</b>	<b>607.69</b>
<b>Adjustment for :</b>			
Decrease / (Increase) in Trade Receivables		(79.58)	114.85
Decrease / (Increase) in Inventories		200.02	11.28
Decrease / (Increase) in Loans, Other Financial Assets & Other Assets		(507.99)	(773.23)
(Decrease) / Increase in Trade Payables		168.83	23.70
(Decrease) / Increase in Other Liabilities, Financial Liabilities & Provisions		215.65	(48.98)
	<b>(2)</b>	<b>(3.07)</b>	<b>(672.38)</b>
<b>Cash generated from operation</b>	<b>(1+2)</b>	<b>560.64</b>	<b>(64.69)</b>
Income Tax Paid		(42.52)	(71.05)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>518.12</b>	<b>(135.74)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment including CWIP		(4.53)	(58.55)
Acquisition of Intangible Assets and Intangible Assets under Development		(0.03)	(35.02)
Purchase / Proceeds of Investment Property		(30.49)	(68.92)
Sale of Property, Plant and Equipments & Intangible Assets		20.66	43.85
Sale / (Investments) in Mutual Funds		799.81	919.86
Purchase of Mutual Fund		(797.80)	(819.17)
Repayment of Loan from Joint Ventures		39.00	-
Interest Received		83.12	95.49
Dividend Received from Joint Venture Companies		17.00	-
Dividend Received on Other Investments		-	4.00
Investment in Joint Venture Companies		(32.00)	(64.20)
Bank Balance Other than Cash and Cash Equivalents		(872.12)	429.32
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(777.38)</b>	<b>446.66</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loan From Punjab National Bank		330.93	-
Payment of Lease Liabilities		(0.02)	(0.04)
Final Dividend (including Dividend Distribution Tax) paid		(96.87)	(122.74)
Interim Dividend (including Dividend Distribution Tax) paid		(61.13)	(152.50)
Interest Paid		(4.35)	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>168.56</b>	<b>(275.28)</b>
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents	(D)	(7.97)	0.12
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(A+B+ C+D)</b>	<b>(98.67)</b>	<b>35.76</b>
<b>CASH AND CASH EQUIVALENTS (OPENING) (Refer Note 2, 4, 5 below)</b>	<b>(E)</b>	<b>512.87</b>	<b>477.11</b>
<b>CASH AND CASH EQUIVALENTS (CLOSING) (Refer Note 2, 4, 5 below)</b>	<b>(F)</b>	<b>414.20</b>	<b>512.87</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(F - E)</b>	<b>(98.67)</b>	<b>35.76</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### For The Year Ended 31<sup>st</sup> March 2021

#### Notes:

- The above Consolidated Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS) – 7 on Statement of Cash Flows.
- Reconciliation of Cash and Cash Equivalents and Components of Cash and Cash Equivalents included in the above Consolidated Statement of Cash Flows :

(₹ in crore)

Particulars	As at 31 <sup>st</sup> March 2021	As at 31 <sup>st</sup> March 2020
Cash in hand	0.08	0.08
Cheques/drafts in hand	-	7.65
Remittance in Transit	-	0.19
Balances with banks:		
- On current accounts	170.82	183.74
- Flexi Accounts	203.48	147.15
- Deposits with original maturity of less than 3 months	39.82	174.06
<b>Total Cash and Cash Equivalents as per Balance Sheet and Consolidated Statement of Cash Flows</b>	<b>414.20</b>	<b>512.87</b>

- Reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities:

(₹ in crore)

Particulars	Borrowings*
<b>As at 1 April 2019</b>	-
(a) Cash Flows during the year	-
(b) Non Cash Changes due to :	
Interest accrued (net of interest paid)	-
<b>As at 31 March 2020</b>	-
(a) Cash Flows during the year	330.93
(b) Non Cash Changes due to :	
Interest accrued (net of interest paid)	2.23
<b>As at 31 March 2021</b>	<b>333.16</b>

\* Includes current maturities of non-current borrowings and interest accrued thereon, refer Note 20.1 and Note 23.2

- Previous year's figures have been regrouped/reclassified and restated wherever applicable.
- Earmarked and restricted balances are mentioned in Note 14.2 and 14.3.
- Figures in brackets represent outflow of cash.

As per our Report of even date attached

**For HDSG & Associates**

Chartered Accountants  
FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner  
M. No. 084072

Place : New Delhi

Date : 30th June, 2021

For and on behalf of Board of Directors

Sd/-

**Yogesh Kumar Misra**

Director (Works)

DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director

CEO and Director (Finance)

DIN - 06607392

Sd/-

**Ritu Arora**

Company Secretary

FCS No. 5270



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## For The Year Ended 31<sup>st</sup> March 2021

### A. Equity Share Capital

(₹ in crore)

Particulars	Amount
Balance as at 1 April, 2019	94.05
Changes in equity share capital during the year	-
Balance as at 31 March, 2020	94.05
Changes in equity share capital during the year	-
Balance as at 31 March, 2021	94.05

### B. Other Equity

For the year ended 31<sup>st</sup> March, 2020

(₹ in crore)

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	General Reserves	Retained Earnings	Capital Redemption Reserve	Exchange differences on translating the financial statement of a foreign operation	
Balance as at 1 April, 2019	3,284.64	580.93	4.93	(0.33)	3,870.17
Profit for the year (Restated)	-	485.27	-	-	485.27
<b>Other Comprehensive Income</b>					
Remeasurment of Defined Benefit Plans	-	0.89	-	-	0.89
Foreign Exchange translation difference	-	-	-	(3.86)	(3.86)
<b>Total Comprehensive Income for the year</b>	-	<b>486.16</b>	-	<b>(3.86)</b>	<b>482.30</b>
Dividends Paid	-	(228.31)	-	-	(228.31)
Dividend Distribution Tax	-	(46.93)	-	-	(46.93)
Balance as at 31 March, 2020	3,284.64	791.85	4.93	(4.19)	4,077.23

### B. Other Equity

(₹ in crore)

Particulars	Reserves & Surplus			Other Comprehensive Income	Total
	General Reserves	Retained Earnings	Capital Redemption Reserve	Exchange differences on translating the financial statement of a foreign operation	
Balance as at 1 April, 2020 (Restated)	3,284.64	791.85	4.93	(4.19)	4,077.23
Profit for the year	-	391.06	-	-	391.06
<b>Other Comprehensive Income</b>					
Remeasurment of Defined Benefit Plans	-	(0.30)	-	-	(0.30)
Foreign Exchange translation difference	-	-	-	(0.91)	(0.91)
<b>Total Comprehensive Income for the year</b>	-	<b>390.76</b>	-	<b>(0.91)</b>	<b>389.85</b>
Dividends Paid	-	(158.00)	-	-	(158.00)
Balance as at 31 March, 2021	3,284.64	1,024.61	4.93	(5.10)	4,309.08

As per our Report of even date attached

For and on behalf of Board of Directors

For HDSG & Associates

Chartered Accountants

FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner

M. No. 084072

Place : New Delhi

Date : 30th June, 2021

Sd/-

**Yogesh Kumar Misra**

Director (Works)

DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director

CEO and Director (Finance)

DIN - 06607392

Sd/-

**Ritu Arora**

Company Secretary

FCS No. 5270

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## For The Year Ended 31<sup>st</sup> March 2021

### 1. Group Information

The Consolidated financial statements comprise financial statements of Ircon International Limited ("the Company") and its subsidiaries & Joint Ventures (collectively referred to as "the Group") for the year ended 31 March 2021. The Holding Company is a public sector construction Company, with emphasis on infrastructure projects, domiciled in India (CIN: L45203DL 1976 GOI008171) and is incorporated under the provision of companies Act, with specialization in execution of Railway projects on turnkey basis and otherwise. After commencing business as a Railway construction group, it diversified progressively along with its subsidiaries and Joint Ventures ("the Group") to roads, buildings, electrical substation and distribution, airport construction, commercial complexes, as well as metro rail works. The Group caters to both domestic and international markets. The Holding Company is an ISO certified Group for Quality, Environment and Occupational Health and Safety Management systems; a Schedule 'A' public sector Company and a Mini Ratna-Category I. The registered office of the Holding Company is located at Plot No. C - 4, District Centre, Saket, New Delhi -110017 India and the shares of the Company are listed on National Stock Exchange and BSE.

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

The Consolidated financial statements are approved for issue by the Holding Company's Board of Directors in their meeting held on 30h June 2021.

### 2. Significant Accounting Policies

#### 2.1 Basis of preparation

The financial statements of the Group 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 Group 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

#### Basis of Consolidation

a) The consolidated financial statements comprise the financial statements of the Group as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

b) The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

c) Consolidated financial statements are prepared using uniform accounting policies for like transactions and

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

d) The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

e) Consolidated procedure for:

i) **Subsidiaries**

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.
- Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
- A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
  - Derecognises the assets (including goodwill) and liabilities of the subsidiary
  - Derecognises the carrying amount of any non-controlling interests
  - Derecognises the cumulative translation differences recorded in equity

- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

ii) **Joint arrangement**

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Parent Company has both joint operations and joint ventures.

- Joint operations: Group recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the standalone financial statements under the appropriate headings.
- Joint ventures: Interests in joint ventures are accounted for using the equity method after initially being recognised at cost in the consolidated balance sheet.

f) **Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the policy of impairment.

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## For The Year Ended 31<sup>st</sup> March 2021

### 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 and lease hold land acquired on perpetual lease 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 - 10
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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

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. Leasehold land acquired on perpetual lease is not amortized.

Property plant and equipment acquired during the period, individually costing up to ₹ 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 group 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 Group 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 Group 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 Group 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

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cost up to ₹ 1 Lakhs in each case is fully amortized in the period of purchase, by keeping ₹ 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 least 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 Group 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 Group 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 Group 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.
- 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 Government grant**

Grant from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the subsidiary companies will comply with all attached conditions. Government grant relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that there intended to compensate and presented within contract revenue.

#### **2.2.9 Revenue recognition**

The Group operates in construction industry and it earns revenue primarily from the Engineering, Procurement and Construction business. The contracts with the customers are of construction of railways, construction of roads & highways,

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### For The Year Ended 31<sup>st</sup> March 2021

construction of commercial and residential buildings, electrification work and others. The type of work in these contracts involve geotechnical investigations, topographical surveys, resource-planning, preparation of DPR, construction, engineering, designing, supply of materials, redevelopment of system, installation, project management, operations and management etc ("together called as construction related services"). The Group provides these construction services on a fixed-sum turnkey basis as well as on cost plus basis.

Revenue from contract with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

#### a) Revenue from contract with customer

Revenue is measured at the transaction price that is allocated to the performance obligation and it excludes amounts collected on behalf of third parties and is adjusted for variable considerations. The nature of Group's contract gives rise to several types of variable consideration including escalation and liquidated damages. Any subsequent change in the transaction price is then allocated to the performance obligations in the contract on the same basis as at contract inception. The Group recognizes revenue for variable consideration when it is probable that a significant reversal in the amount cumulative revenue recognized will not occur. The Group estimates the amount of revenue to be recognized on variable consideration using most likely amount method. 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.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to the existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if additional services are priced at the standalone selling price, or as a termination of existing contract and creation of a new contract if not

priced at the standalone selling price.

The Group satisfies a performance obligation and recognizes the revenue overtime, if any of the following criteria is met:

The customer simultaneously receives and consumes the benefits provided by the group's performance as the group perform

- The group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or
- The group's performance does not create an asset with an alternative use to the group and the group has an enforceable right to payment for performance completed to date.

The Group has established certain criteria with respect to the method for recognizing the revenue that is applied consistently for similar performance obligations. The Group measures progress of work using input method where outcome can be estimated reliably and performance obligation is satisfied over the time. Under input method, contract revenue is recognized as revenue by reference to the stage of completion as at the reporting date. The stage of completion is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

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

#### b) Contract balances

- Contract assets: A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.
- Trade receivables: A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).
- Contract liabilities A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration

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is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### c) Toll Fee

The subsidiary company recognizes toll revenue as and when it collects at transaction price i.e., usage fee which is exclusive of amounts collected on behalf of third parties.

#### d) Other operating income

- Rental income arising from the renting of machinery given under operating lease is accounted for a straight-line basis over the lease terms.
- Other operating income represents income earned from the activities incidental to business and is recognized when performance obligation is satisfied and right to receive the income is established as per terms of contract.

#### e) Other income

- Dividend income is recognized when the right to receive payment is established.
- Interest income is recognized using Effective Interest rate method.
- Miscellaneous income is recognized when performance obligation is satisfied and right to receive the income is established as per terms of contract.

#### 2.2.10 Borrowing cost

Borrowing costs consist of interest and other costs that the Group 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 of time 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.

#### 2.2.11 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 group 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 it 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



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### For The Year Ended 31<sup>st</sup> March 2021

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.

#### 2.2.12 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 group operates ("the functional currency"). The financial statements are presented in Indian Rupees which is also the functional and presentation currency of the Group.

- **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.

- **Foreign Operations**

Foreign Operations related to branches that have the functional currency different from the presentation currency are translated into presentation currency. For the purpose of standalone financial statements, the assets and liabilities (both monetary and non-monetary) of the Group's foreign branches are translated into Indian rupees using exchange rates prevailing at the end of reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rate fluctuate significantly during the period, in which case the exchange rates at the dates of transaction are used. Exchange difference arising, if any, are recognized in other comprehensive income and accumulated in equity as foreign currency translation reserve.

On disposal of foreign operations (on closure of

the books of the project)), all of the exchange differences accumulated in equity in respect of that operation are reclassified to statement of profit and loss.

#### 2.2.13 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 the period in which the employee renders the related services.

##### b) Post-employment benefits

**Defined Contribution Plan:** A defined contribution plan is a plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefits expense in the statement of profit and loss during the period in which the employee renders the related services.

The Group has a defined contribution employee pension scheme which is administered through a separate trust (IIRCON Defined Contribution Superannuation Pension Scheme 2009, Trust). The Contributions towards the trust are recognized in the statement of profit and loss of the period when the contributions the trust are due.

**Defined Benefit Plan:** A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under such plans, the obligation for any benefits remains with the Group. The Group's liability towards gratuity, provident fund and post-retirement medical benefit are in the nature of defined benefit plans.

The gratuity is funded by the Group and is managed by a separate trust (IIRCON Employees Group Gratuity Trust). The contributions to the gratuity trust for the period are recognized as expense and are charged to statement of profit and loss. The Group pays fixed contribution to the recognized provident fund at predetermined rates to a separate trust (IIRCON Contributory Provident Fund Trust), which invests the funds in permitted securities. The contributions to the fund for the period are recognized as expense and are charged to statement of profit and loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

The obligation of the Group is to make such fixed contributions and to ensure a minimum rate of return to the members as specified by the Government of India. The Group has Post-Retirement Medical Facility (PRMF) which is also funded by the Group and is managed by a separate trust (Ircon Medical Trust). The contributions to the medical trust for the period are recognized as expense and are charged to statement of profit and loss.

The Group's net obligation in respect of defined benefit plans is measured separately for each plan at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at each reporting date. The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

The calculation is performed by an independent actuary using the projected unit credit method and provided for if the circumstances indicate that the Trusts may not be able to generate adequate returns to cover the interest rates notified by the Government.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) is recognised in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to statement of profit and loss.

Defined benefit costs comprising current service cost, past service cost, interest cost and gains or losses on settlements are recognised in the statement of profit and loss as employee benefits expense. Gains or losses on settlement of any defined benefit plan are recognised when the settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Group recognises related restructuring costs or termination benefits.

#### c) Other long-term employee benefits

The Group treats leave encashment expected to be carried forward beyond twelve months and leave travel concession as long-term employee benefit for measurement purposes. The obligation recognised in respect of these long-term benefits is measured at present value of the obligation based on actuarial valuation using the

Projected Unit credit method.

Long term employee benefit costs comprising current service cost, interest cost and gains or losses on curtailments and settlements, re-measurements including actuarial gains and losses are recognised in the statement of profit and loss as employee benefit expenses.

#### 2.2.14 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 Group's cash management.

#### 2.2.15 Dividend

Annual Dividend distribution to the Group'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.

#### 2.2.16 Provisions, contingent assets and contingent liabilities

##### a) Provisions

Provisions are recognised when the Group 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.

Provisions recognised by the Group include provisions for Maintenance, Demobilization, Design Guarantee, Legal Cases, Corporate Social Responsibility (CSR), Onerous Contracts

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### For The Year Ended 31<sup>st</sup> March 2021

and others.

#### b) Onerous contracts

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group 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 Group 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 Group 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.

#### 2.2.17 Service concession arrangement

##### a) Financial asset under service concession arrangements (Appendix C to Ind AS 115 – Revenue from Contracts with Customers)

The Group 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 and Operation & Maintenance services). Such financial assets are initially measured at fair value i.e. present value and subsequently at amortized cost using the

Effective Interest Rate (EIR) method. Under this method, financial asset will be increased for the financing element and reduced as and when money is received from grantor. Group combine the two or more contracts entered into at or near the same time with the same customer and account for the contracts as a single contract if contracts are negotiated as a package with a single commercial objective or amount of consideration to be paid in one contract depends on the price or performance of the other contract or goods or services promised in the contracts are single performance obligation.

##### b) Intangible asset under service concession arrangements (Appendix C to Ind AS 115 – Revenue from Contracts with Customers)

In respect of Public to Private Arrangements (PPA), on a Built-Operate-Transfer (BOT) basis, Intangible Assets i.e. Right to collect toll/tariff are recognised when the Group has been granted rights to charge a toll/tariff from the users of such public services and such rights do not confer an unconditional right on the Group to receive cash or another Financial Asset and when it is probable that future economic benefits associated with the rights will flow to the Group and the cost of the asset can be measured reliably.

The Group constructs or upgrades infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under the Concession Agreements, where the Group has received the right to charge users of the public service, such rights are recognised and classified as "Intangible Assets" in accordance with Appendix C to Ind AS 115 – Service Concession Arrangements.

Such right is not an unconditional right to receive consideration because the amounts are contingent to the extent that the public uses the service and thus are recognised and classified as intangible assets. Such an intangible asset is recognised by the Group at cost (which is the fair value of the consideration received or receivable for the construction services delivered) and is capitalized when the project is complete in all respects and when the Group receives the completion certificate from the authority as specified in the Concession Agreement.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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An asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal.

Service Concession Arrangements that meet the definition of an Intangible Asset are recognised at cumulative construction cost till completion of construction of the project.

The estimated useful life of an intangible asset in a service concession arrangement is the period from where the Group is able to charge the public for use of infrastructure to the end of the concession period.

collection right is amortized using straight line method on pro-rata basis from the date of addition or from the date when the right brought in to service to the expiry of concession period.

Amortization methods and useful lives are reviewed at each balance sheet date, with the effect of change in estimate accounted for on a prospective basis.

The carrying value of intangible asset is reviewed for impairment annually or more often if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### 2.2.18 Leases

The Group 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) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group 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.

If ownership of the leased asset transfers to the Group 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 Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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 Group 's lease liabilities are included in financial liabilities.

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

The Group 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

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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.

The Group has given adjustments for lease accounting in accordance with Ind AS 116 which came into effect on 1 April 2019, and all the related figures have been reclassified/regrouped to give effect to the requirements of Ind AS 116.

#### b) Group as a lessor

Leases in which the Group 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.

#### 2.2.19 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 Group 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

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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 Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 Group 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 Group in accordance with the contract and all the cash flows that the group expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

In accordance with Ind AS 109, the Group 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 Group 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 Group 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 Group 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 group 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 Group 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

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### For The Year Ended 31<sup>st</sup> March 2021

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 Group 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 recognized 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 Group'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 Group 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 Group 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 Group 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 Group either begins or ceases to perform an activity that is significant to its operations. If the Group 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 Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

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## For The Year Ended 31<sup>st</sup> March 2021

### 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.

### 2.2.20 Fair value measurement

The Group 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 Group.

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 Group 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 Group 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 Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies.

For the purpose of fair value disclosures, the Group 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.

### 2.2.21 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



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### For The Year Ended 31<sup>st</sup> March 2021

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.

#### 2.2.22 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 group.

#### 2.2.23 Significant accounting estimates and judgments

The estimates used in the preparation of the said financial statements are continuously evaluated by the Group and are based on historical experience and various other assumptions and factors (including expectations of future events), that the Group 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 Group 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 receivable's balances and historical experiences. Individual trade receivables are written off when management deems not be collectible.

##### b. Defined benefit plans

The costs of post-retirement benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various

assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

##### c. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. 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 Group is involved. it is not expected that such contingencies s will have material effect on its financial position of probability.

##### d. Impairment of financial assets

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

##### e. 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 Group 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

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.

#### **f. 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.

#### **g. 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.

#### **h. Leases – Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group 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 Group has lease contracts that include extension and termination options. The Group 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 Group 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).

#### **i. Revenue recognition**

The Group's revenue recognition policy is central to how the Group values the work it has carried out in each financial year.

These policies require forecasts to be made of the outcomes of Contracts, which require, assessments and judgements to be made on changes in scope of work and claims and variations.

There are several long term and complex projects where the Group has incorporated significant judgements over contractual entitlements. The range of potential outcomes could result in a materially positive or negative change to underlying profitability and cash flow.

Estimates are also required with respect to the below mentioned aspects of the contract:

- Determination of stage of completion
- Estimation of project completion date
- Provisions for foreseeable losses
- Estimated total revenues and estimated total costs to completion, including claims and variations.

These are reviews at each reporting date and adjust to reflect the current best estimates

Revenue and costs in respect of contracts are recognized by reference to the stage of completion of the contract activity at the end of reporting period, measured based on proportion of contract costs incurred for work performed to the date relative to the estimated total contract costs, where this would not be representative of stage of completion. Variations in contract work and claims are included to the extent that amount can be measured reliably, and receipt is considered probable. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

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### 3. Property, Plant and Equipment

Particulars	Freehold Land	Lease hold Land	Lease hold Buildings	Freehold Buildings/Flats -Residential	Freehold Buildings/Flats -Non -Res.	Plant & Machinery	Survey Instruments	Computers	Office Equipments	Furniture & Fixtures	Caravans, Camps and Temp. Sheds	Vehicles	Total	Foot Notes:		
														(i)	(ii)	
<b>Gross Carrying Amount (At Cost)</b>																
<b>As at 1 April 2019</b>	42.69	-	-	6.36	40.66	88.59	1.87	6.35	4.15	3.50	8.32	3.59	206.08			
Additions	-	36.89	-	-	20.73	102.68	0.09	0.64	0.64	0.54	0.08	-	162.29			
Disposals/Adjustments	-	-	-	-	-	(6.64)	(0.05)	(0.28)	(0.05)	(0.09)	(5.56)	(0.84)	(13.51)			
Transfer to Assets held for sale	-	-	-	-	-	(0.22)	-	-	(0.03)	(0.01)	-	-	(0.26)			
Exchange (Gain) / Loss	-	-	-	-	0.28	2.87	0.04	0.05	0.05	0.04	0.03	0.21	3.57			
<b>As at 31 March 2020</b>	42.69	36.89	-	6.36	61.67	187.28	1.95	6.76	4.76	3.98	2.87	2.96	358.17			
Additions	-	-	-	-	1.43	0.40	0.01	0.88	0.45	1.13	0.03	-	4.33			
Disposals/Adjustments	-	-	-	-	(0.14)	(5.15)	(0.21)	(0.24)	(0.32)	(0.12)	-	0.70	(5.48)			
Transfer to Assets held for sale	-	-	-	-	-	(0.01)	-	-	-	-	-	-	(0.01)			
Exchange (Gain) / Loss	-	-	-	-	0.06	(2.04)	(0.01)	(0.01)	(0.02)	(0.03)	(0.03)	(0.08)	(2.16)			
<b>As at 31 March 2021</b>	42.69	36.89	-	6.36	63.02	180.48	1.74	7.39	4.87	4.96	2.87	3.58	354.85			
<b>Depreciation and Impairment</b>																
<b>As at 1 April 2019</b>	-	-	-	3.35	13.07	46.76	0.38	2.93	1.93	1.16	6.96	0.89	77.43			
Depreciation charge for the year	-	-	-	0.19	2.29	8.97	0.19	1.19	0.67	0.33	0.50	0.41	14.74			
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-			
Disposals/Adjustments	-	-	-	-	-	(6.07)	(0.02)	(0.17)	(0.05)	(0.03)	(5.28)	(0.20)	(11.82)			
Transfer to Assets held for sale	-	-	-	-	-	-	-	-	(0.02)	-	-	-	(0.02)			
Exchange (Gain) / Loss	-	-	-	-	0.11	1.76	0.01	0.01	0.02	0.02	0.01	0.07	2.01			
<b>As at 31 March 2020</b>	-	-	-	3.54	15.47	51.42	0.56	3.96	2.55	1.48	2.19	1.17	82.34			
Depreciation charge for the year	-	-	-	0.10	3.20	11.89	0.19	1.17	0.62	0.39	0.38	0.47	18.41			
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-			
Disposals/Adjustments	-	-	-	-	-	(3.77)	(0.11)	(0.26)	(0.26)	(0.07)	-	0.07	(4.40)			
Transfer to Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-			
Exchange (Gain) / Loss	-	-	-	-	0.02	(1.39)	-	(0.01)	(0.02)	(0.02)	(0.02)	(0.04)	(1.48)			
<b>As at 31 March 2021</b>	-	-	-	3.64	18.69	58.15	0.64	4.86	2.89	1.78	2.55	1.67	94.87			
<b>Net Book Value</b>																
<b>At 31 March 2021</b>	42.69	36.89	-	2.72	44.33	122.33	1.10	2.53	1.98	3.18	0.32	1.91	259.98			
<b>At 31 March 2020</b>	42.69	36.89	-	2.82	46.20	135.86	1.39	2.80	2.21	2.50	0.68	1.79	275.83			

Foot Notes: -

i) Furniture & Fixtures includes Furnishings also.

ii) Carrying amount include Foreign Exchange Loss/Gain on account of PPE translation from functional currency to presentation currency.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 4. Capital Work in Progress

(₹ in crore)

Particulars	Amount
<b>As at 1 April 2019</b>	<b>50.30</b>
Additions (subsequent expenditure)	2.11
Less : Capitalised during the year	(49.44)
<b>As at 31 March 2020</b>	<b>2.97</b>
Additions (subsequent expenditure)	0.60
Less : Capitalised during the year	(0.40)
<b>As at 31 March 2021</b>	<b>3.17</b>
<b>Net Book Value</b>	
<b>at 31 March 2021</b>	<b>3.17</b>
<b>at 31 March 2020</b>	<b>2.97</b>

#### 5. Investment Property

(₹ in crore)

Particulars	Noida			Gurugram		Bangalore	Total
	Land	Capital work in progress	Building	Land	Capital work in progress	Building	
<b>As at 1 April 2019</b>	<b>327.20</b>	<b>99.19</b>	<b>-</b>	<b>2.23</b>	<b>46.18</b>	<b>3.04</b>	<b>477.84</b>
Additions (subsequent expenditure)*	-	49.28	-	-	19.64	-	<b>68.92</b>
Capitalised during the year	-	(128.38)	128.38	-	-	-	-
Transferred to Property, Plant and Equipment	(36.89)	(19.52)	-	-	-	-	<b>(56.41)</b>
<b>As at 31 March 2020</b>	<b>290.31</b>	<b>0.57</b>	<b>128.38</b>	<b>2.23</b>	<b>65.82</b>	<b>3.04</b>	<b>490.35</b>
Additions (subsequent expenditure)*	-	-	-	-	30.49	-	<b>30.49</b>
Derecognised during the year	-	-	(1.57)	-	-	-	<b>(1.57)</b>
Capitalised during the year	-	-	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>290.31</b>	<b>0.57</b>	<b>126.81</b>	<b>2.23</b>	<b>96.31</b>	<b>3.04</b>	<b>519.27</b>
<b>Depreciation and Impairment</b>							
<b>As at 1 April 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.23</b>	<b>0.23</b>
Depreciation during the year	-	-	1.06	-	-	0.04	<b>1.10</b>
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>1.06</b>	<b>-</b>	<b>-</b>	<b>0.27</b>	<b>1.33</b>
Depreciation during the year	-	-	6.89	-	-	0.04	<b>6.93</b>
<b>As at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>7.95</b>	<b>-</b>	<b>-</b>	<b>0.31</b>	<b>8.26</b>
<b>Net Block</b>							
<b>at 31 March 2021</b>	<b>290.31</b>	<b>0.57</b>	<b>118.86</b>	<b>2.23</b>	<b>96.31</b>	<b>2.73</b>	<b>511.01</b>
<b>at 31 March 2020</b>	<b>290.31</b>	<b>0.57</b>	<b>127.32</b>	<b>2.23</b>	<b>65.82</b>	<b>2.77</b>	<b>489.02</b>

#### Information regarding income and expenditure of Investment property

(₹ in crore)

Particulars	31 March 2021	31 March 2020
Rental income derived from investment properties	0.41	0.39
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year	0.01	-
Direct operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the year	-	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Reconciliation of fair value

(₹ in crore)

Particulars	Noida			Gurugram		Bangalore	Total
	Land	Capital work in progress	Building	Land	Capital work in progress	Building	
<b>As at 1 April 2019</b>	<b>212.12</b>	<b>102.05</b>	<b>-</b>	<b>136.84</b>	<b>58.40</b>	<b>7.14</b>	<b>516.55</b>
Capitalised during the year	-	(102.05)	102.05	-	-	-	-
Fair value difference	16.35	0.57	25.97	(11.68)	7.79	(0.05)	<b>38.95</b>
<b>As at 31 March 2020</b>	<b>228.47</b>	<b>0.57</b>	<b>128.02</b>	<b>125.16</b>	<b>66.19</b>	<b>7.09</b>	<b>555.50</b>
Addition during the year	-	-	-	-	30.49	-	<b>30.49</b>
Derecognised during the year	-	-	(1.57)	-	-	-	<b>(1.57)</b>
Fair value difference	(11.15)	(0.57)	(9.66)	(6.68)	(9.31)	0.78	<b>(36.59)</b>
<b>As at 31 March 2021</b>	<b>217.32</b>	<b>-</b>	<b>116.79</b>	<b>118.48</b>	<b>87.37</b>	<b>7.87</b>	<b>547.83</b>
<b>Note:-</b>							
Investment Property self constructed	<b>217.32</b>	<b>-</b>	<b>116.79</b>	<b>118.48</b>	<b>87.37</b>	<b>7.87</b>	<b>547.83</b>
	<b>217.32</b>	<b>-</b>	<b>116.79</b>	<b>118.48</b>	<b>87.37</b>	<b>7.87</b>	<b>547.83</b>

- (i) These valuations are based on valuations performed by accredited independent valuer. Fair Values are based on cost & income/cost/market value approach. As per assumption made by valuer GST has not been considered for valuation purpose.
- (ii) The fair value measurement is categorised in Level 3 of fair value hierarchy.
- (iii) Investment property in Noida is at three locations having lease term of 90 years, Properties in Gurugram and bangalore are at one location only which are freehold.

(₹ in crore)

* Detail of Additions (subsequent expenditure)	As at 31st March 2021	As at 31st March 2020
	Capital work in progress	Capital work in progress
- Work Expenses	26.84	47.09
- Consultancy Charges	0.34	0.67
- Salary & Wages	0.70	1.56
- Rates & Taxes	0.01	2.14
- Vehicle Operation and Maintenance	0.05	0.08
- Power, Electricity and Water charges	2.38	1.41
- Advertisement & Publicity	0.01	0.09
- Bank Charges	-	0.02
- Tour & Travelling	0.01	0.02
- Misc. Operating Exp.	0.15	15.84
<b>Total</b>	<b>30.49</b>	<b>68.92</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 6. Intangible Assets

(₹ in crore)

Particulars	Intangibles (Software/ Lease Rights/Toll Road)			
	Software	Lease Rights	Toll Road	Total
<b>Gross Block</b>				
<b>As at 1 April 2019</b>	<b>2.10</b>	<b>72.62</b>	<b>1,247.94</b>	<b>1,322.66</b>
Addition during the year	0.02	-	-	<b>0.02</b>
Sales / adjustment during the year	(0.01)	(0.28)	-	<b>(0.29)</b>
<b>As at 31 March 2020</b>	<b>2.11</b>	<b>72.34</b>	<b>1,247.94</b>	<b>1,322.39</b>
Addition during the year	0.02	-	1.88	<b>1.90</b>
Sales / adjustment during the year	-	-	(0.84)	<b>(0.84)</b>
<b>As at 31 March 2021</b>	<b>2.13</b>	<b>72.34</b>	<b>1,248.98</b>	<b>1,323.45</b>
<b>Amortisation and Impairment</b>				
<b>As at 1 April 2019</b>	<b>1.19</b>	<b>5.69</b>	<b>37.16</b>	<b>44.04</b>
Amortisation during the year	0.54	1.64	64.58	<b>66.76</b>
Sales / adjustment during the year	(0.01)	(0.03)	0.01	<b>(0.04)</b>
<b>As at 31 March 2020</b>	<b>1.72</b>	<b>7.30</b>	<b>101.75</b>	<b>110.76</b>
Amortisation during the year	0.16	1.65	64.57	<b>66.38</b>
Sales / adjustment during the year	-	-	(0.08)	<b>(0.08)</b>
<b>As at 31 March 2021</b>	<b>1.88</b>	<b>8.95</b>	<b>166.23</b>	<b>177.06</b>
<b>Net book value</b>				
<b>At 31 March 2021</b>	<b>0.25</b>	<b>63.39</b>	<b>1,082.75</b>	<b>1,146.39</b>
<b>At 31 March 2020</b>	<b>0.39</b>	<b>65.04</b>	<b>1,146.19</b>	<b>1,211.63</b>

#### Foot Note:

Lease Rights :- Ircon Infrastructure and Services Limited has entered into an agreement with RLDA (Rail Land Development Authority) to build Multi Functional Complexes (MFCs) at various railway stations. The Land belongs to Railways and the company has construct the buildings on the same and having lease rights (commercial Rights) of 45 years from the date of commencement of MFC. The Lease Rights has been amortised over the lease period from the date in which the concerned project comes into commercial operations on prorata basis. The amount amortised during the year amounts to ₹ **1.65 crore** (F.Y 2019-20 ₹ 1.64 crore )

Toll Road :- Toll Road also includes value of IT Infrastructure Software along with some small movable assets essential for the toll road and bundled with the EPC works of the Toll Road. The same is not separately quantifiable and is an integral part of the Asset.

### 7. Intangible Assets under Development

(₹ in crore)

Particulars	Intangible assets under development		
	Software	Toll Road	Total
<b>Gross Block</b>			
<b>As at 1 April 2019</b>	<b>-</b>	<b>4.89</b>	<b>4.89</b>
Addition during the year	9.79	25.20	<b>34.99</b>
Capitalisation during the year	-	-	<b>-</b>
Sales / adjustment during the year	-	(13.15)	<b>(13.15)</b>
<b>As at 31 March 2020</b>	<b>9.79</b>	<b>16.94</b>	<b>26.73</b>
Addition during the year	-	0.01	<b>0.01</b>
Capitalisation during the year	-	(1.88)	<b>(1.88)</b>
Sales / adjustment during the year	-	(15.07)	<b>(15.07)</b>
<b>As at 31 March 2021</b>	<b>9.79</b>	<b>-</b>	<b>9.79</b>
<b>Amortisation and Impairment</b>			
<b>As at 1 April 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amortisation during the year	-	-	<b>-</b>
Impairment	-	-	<b>-</b>
Sales / adjustment during the year	-	-	<b>-</b>
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amortisation during the year	-	-	<b>-</b>
Impairment	-	-	<b>-</b>
Sales / adjustment during the year	-	-	<b>-</b>
<b>As at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>9.79</b>	<b>-</b>	<b>9.79</b>
<b>At 31 March 2020</b>	<b>9.79</b>	<b>16.94</b>	<b>26.73</b>

#### Foot Note:

Intangible assets under development (Software) represents capital expenditure made for acquiring the SAP S4/HANA ERP software.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 8. Right-of-use Assets

(₹ in crore)

Particulars	Land (ii)	Building (i)	Vehicles	Total
<b>Gross Block</b>				
<b>As at 1 April 2019</b>	<b>1.25</b>	<b>5.21</b>	<b>0.04</b>	<b>6.50</b>
Addition during the year	-	-	-	-
Disposals / adjustment during the year	-	-	-	-
<b>As at 31 March 2020</b>	<b>1.25</b>	<b>5.21</b>	<b>0.04</b>	<b>6.50</b>
Addition during the year	-	-	-	-
Disposals / adjustment during the year	-	-	-	-
<b>As at 31 March 2021</b>	<b>1.25</b>	<b>5.21</b>	<b>0.04</b>	<b>6.50</b>
<b>Depreciation and Impairment</b>				
<b>As at 1 April 2019</b>	<b>0.05</b>	<b>0.95</b>	-	<b>1.00</b>
Depreciation during the year	0.02	0.29	0.02	<b>0.33</b>
Impairment during the year	-	-	-	-
Disposals / adjustment during the year	-	-	-	-
<b>As at 31 March 2020</b>	<b>0.07</b>	<b>1.24</b>	<b>0.02</b>	<b>1.33</b>
Depreciation during the year	0.04	0.31	0.02	<b>0.37</b>
Impairment during the year	-	-	-	-
Disposals / adjustment during the year	-	-	-	-
<b>As at 31 March 2021</b>	<b>0.11</b>	<b>1.55</b>	<b>0.04</b>	<b>1.70</b>
<b>Net Book Value</b>				
<b>At 31 March 2021</b>	<b>1.14</b>	<b>3.66</b>	-	<b>4.80</b>
<b>At 31 March 2020</b>	<b>1.18</b>	<b>3.97</b>	<b>0.02</b>	<b>5.17</b>

#### Foot Note:

- Includes lease hold building on Railways land for 30 years lease at San Martin Marg, New Delhi & Pali Hill, Mumbai & Metro Railway Service Building, Kolkata for which agreement is yet to be finalised.
- Lease hold land includes land at Greater Noida Industrial Development Authority (GNIDA) for construction of proposed Central Inspection Cell (CIC) by the Group (Gross value ₹ 0.76 crore). The request for time extension for construction of Building has been submitted to the appropriate authority.

#### 9. Investments accounted for using the equity method

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Investments in Equity Instruments (fully paid-up, unquoted, using Equity Method)</b>		
<b>Joint Venture Companies</b>		
Ircon-Soma Tollway Private Limited 6,38,70,000 equity shares of ₹ 10 each (31 March 2020 : 6,38,70,000) (Refer note (i))	87.00	76.52
Indian Railway Stations Development Corporation Limited 5,19,99,699 equity shares of ₹ 10 each (31 March 2020 : 3,99,99,699) (Refer note (ii))	62.56	48.09
Bastar Railway Private Limited 7,63,37,300 equity shares of ₹ 10 each (31 March 2020 : 7,63,37,300)	76.60	76.45
Jharkhand Central Railway Limited 1,30,00,000 equity shares of ₹ 10 each (31 March 2020 : 1,30,00,000) (Refer note (iii))	63.64	63.45
Mahanadi Coal Railway Limited 13,000 equity shares of ₹ 10 each (31 March 2020 : 13,000) (Refer note (iv))	-	-
Chhattisgarh East Railway Limited 14,25,75,700 equity shares of ₹ 10 each (31 March 2020 : 12,25,75,700)	138.18	116.53
Chhattisgarh East-West Railway Limited 13,11,70,000 equity shares of ₹ 10 each (31 March 2020 : 13,11,70,000)	130.91	130.98
<b>Total</b>	<b>558.89</b>	<b>512.02</b>
<b>Aggregate Book Value of Unquoted Investments</b>	<b>558.89</b>	<b>512.02</b>
<b>Aggregate amount of Impairment in Value of Investments</b>	-	-

#### Foot Notes:-

- As per Articles of Association (Article V) of ISTPL, shareholders can transfer their shareholding subject to Concession Agreement dated 28th September 2005 signed with NHAJ which provides for equity holding of not less than 51% by Consortium members in ISTPL during the construction period and three years following Commercial Operation Date, which was achieved on 19.04.2010. Thereafter, the aforesaid shareholding can be diluted to 26% subject to the pre-emption right of the other shareholders.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

- (ii) The Board of Directors of Indian Railway Stations Development Corporation Limited, a Joint Venture Company, in its meeting held on 29th September, 2020 has approved participation of Rites limited as third strategic partner / shareholder with consequent revision in the shareholding pattern among RLDA, IRCON and RITES in the ratio of 50:26:24 respectively.
- (iii) The Board of Directors of Ircon International Limited have approved Interest Free Advance, of ₹ 50 crores in favour of Jharkhand Central Railway Limited. The loan will repaid only on winding up of the Project or end of concession period which ever is later.
- (iv) Mahanadi Coal Railway Limited (a Joint Venture Company) has accumulated losses due to which the Group has recognised accumulated losses equal to the cost of investments of Mahanadi Coal Railway Limited as at 31st March 2021. The Group has unrecognised share of losses in respect of Mahanadi Coal Railway Limited amounting to ₹ **0.22 crore** (31st March 2020 : ₹ 0.21 crore) as per their audited financial statements for the year ended 31st March 2021.

## 10. Non-Current Assets – Non-Current Financial Assets

### 10.1 Non-Current Financial Assets – Investments

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Investment in Bonds (Quoted, at Amortised cost)</b>		
8.00% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 163,131 units of ₹ 1,000 each (31 March 2020 : 163,131)	16.31	16.31
7.21% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 500 units of ₹ 10,00,000 each (31 March 2020 : 500)	49.99	50.01
8.23% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 5,00,000 units of ₹ 1,000 each (31 March 2020 : 5,00,000)	50.00	50.00
8.35% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 500 units of ₹ 10,00,000 each (31 March 2020 : 500)	49.97	49.96
7.15% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 250 units of ₹ 10,00,000 each (31 March 2020 : 250)	25.00	24.99
7.07% Tax Free Indian Railway Finance Corporation Limited (IRFC) Bonds, 3,02,000 units of ₹ 1,000 each (31 March 2020 : 3,02,000)	30.20	30.20
7.14% NHAI Tax Free Bonds, 1,99,989 units of ₹ 1,000 each (31 March 2020 : 1,99,989)	20.00	20.00
7.02% NHAI Tax Free Bonds, 500 units of ₹ 10,00,000 each (31 March 2020 : 500)	49.99	49.98
<b>Total</b>	<b>291.46</b>	<b>291.45</b>
<b>Aggregate Book Value of Quoted Investments</b>	<b>291.46</b>	<b>291.45</b>
<b>Aggregate Market Value of Quoted Investments</b>	<b>343.48</b>	<b>322.13</b>
<b>Aggregate amount of Impairment in Value of Investments</b>	<b>-</b>	<b>-</b>

### 10.2 Non-Current Financial Assets – Loans

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>A. Considered Good : Secured</b>		
Staff Loans and Advances	0.13	0.13
<b>B. Considered Good : Unsecured</b>		
<b>(i) Loans to Related Parties:</b>		
Joint Ventures		
- Chhattisgarh East West Railway Ltd.	-	39.00
<b>(ii) Others:</b>		
Staff Loans & Advances *	0.35	0.20
<b>Total</b>	<b>0.48</b>	<b>39.33</b>

#### \* Details of amount due from Directors:

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Amount due from directors included in staff loans and advances	-	0.0004
<b>Total</b>	<b>-</b>	<b>0.0004</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 10.3 Non-Current Assets – Other Financial Assets

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Considered Good : Unsecured</b>		
Security Deposits		
– Government Departments	0.01	0.03
– Others	0.64	0.39
Contract Asset:		
– Retention Money with Client	57.27	113.09
– Money Withheld by Client	1.22	3.47
– Construction cost incurred in terms of SCA {Refer foot note (i)}	793.69	316.60
Fixed Deposits having remaining maturity of more than 12 months {Refer foot note (ii)}	0.01	0.01
Fixed deposits having remaining maturity of more than 12 months (Bank Guarantee) {Refer foot note (iii)}	0.01	0.25
Interest Accrued on Advances to Staff {Refer foot note (iv)}	0.35	0.23
Recoverable from Rail Land Development Authority (RLDA) {Refer foot Note (v)}	1,245.61	1,870.56
Less : Loan From Indian Railway Finance Corporation (IRFC) {Refer Note 20.1 (i) B}	(1,230.61)	(1,845.92)
<b>Total</b>	<b>868.20</b>	<b>458.71</b>

#### Foot Notes:-

- (i) Construction Cost pertains to the Highway being made by the Ircon Vadodara Kim Expressway Limited and Ircon Davanagere Haveri Highway Limited under Hybrid Annuity Model (HAM).
- (ii) Includes FDRs under Lien for ₹ **0.01 crore** (₹ 0.01 crore)
- (iii) Represents fixed deposit pledged to Statutory Authorities (31 March 2020 : Represents fixed deposit placed against Bank Guarantee issued to Haryana Vishwakarma Skill University) in case of Ircon Infrastructure & Services Limited.
- (iv) Details of amount due from Directors:

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Amount due from directors included in interest accrued on staff loans and advances	-	0.0004
<b>Total</b>	<b>-</b>	<b>0.0004</b>

- (v) The Group has raised a loan from Indian Railway Finance Corporation ("IRFC") (Refer note 20.1) which in turn have been paid to Railway Land Development Authority ("RLDA") in terms of lease agreement. As per the Memorandum of understanding ("MOU") entered between RLDA and the Group, all instalments of principal and interest, as also any default or additional interest, and other costs, expenses and charges associated with the loan (or otherwise payable under or pursuant to the Loan Agreement), shall be paid by RLDA to the Group, at least five (5) days prior to their respective due date under the Loan Agreement, into such account as maybe designated by IRFC. RLDA and Ministry of railways ("MoR") shall mutually enter into appropriate arrangements for corresponding disbursement of funds from MoR to RLDA. The terms and conditions of this recoverable amount is same as in the case of the said loan.

Further under MOU, RLDA has transferred the leasehold rights in the Project site at Bandra East in favour of the Group, together with the rights to undertake commercial development thereon. The Group shall be entitled to appoint appropriate developer(s) through open, competitive and transparent bid process for the purposes of undertaking the commercial development of the Project Site, and for the purposes thereof further sub-lease the Project Site (together with all associated Development Rights) to the developers so identified by the Group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 11. 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 2021 and 31 March 2020 are :

(₹ in crore)

S.No.	Particulars	For the Year ended	
		31st March 2021	31st March 2020
<b>1</b>	<b>Profit and Loss Section</b>		
	<b>Current income tax :</b>		
	Current income tax charge	148.94	163.16
	Adjustment in respect of current tax of previous year	17.87	(14.76)
	<b>Deferred tax :</b>		
	Relating to origination and reversal of temporary differences	19.65	38.28
	<b>Income tax expense reported in the Profit and Loss section</b>	<b>186.46</b>	<b>186.68</b>
<b>2</b>	<b>Other Comprehensive Income (OCI) Section</b>		
	<b>Income tax related to items recognised in OCI during the year:</b>		
	Net loss/(gain) on remeasurements of defined benefit plans	(0.10)	0.30
	Net loss/(gain) on foreign operation translation	(0.30)	(1.30)
	<b>Income tax expense reported in the OCI section</b>	<b>(0.40)</b>	<b>(1.00)</b>

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:

(₹ in crore)

S.No.	Particulars	For the Year ended	
		31st March 2021	31st March 2020
1	Accounting profit before income tax	575.91	667.99
2	Tax on Accounting profit	148.50	172.97
3	Effect of Tax Adjustments:		
	(i) Adjustments in respect of current income tax of previous years	(0.39)	(14.73)
	(ii) Utilisation of previously unrecognised tax losses	-	-
	(iii) Impact of Rate Difference	-	40.46
	(iv) Tax on Income exempt from tax	(5.93)	(12.22)
	(v) Non-deductible expenses for tax purposes:		
	- Other country additional tax	32.08	9.82
	- Other non-deductible expenses	3.24	4.98
	(vi) Tax effect of various other items	8.56	(15.60)
<b>4</b>	<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>186.06</b>	<b>185.68</b>
5	Effective Tax Rate	32.31%	27.80%

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

(₹ in crore)

S. No.	Particulars	Balance Sheet		Statement of Profit and Loss	
		31st March 2021	31st March 2020	31st March 2021	31st March 2020
1	Property, Plant & Equipment (including intangible): Difference in book depreciation and income tax depreciation	(155.91)	(121.69)	34.22	101.27
2	Provisions	74.46	75.65	1.19	35.75
3	Items disallowed u/s 43B of Income Tax Act, 1961	0.01	0.04	0.03	(0.04)
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	26.33	29.93	3.60	6.33
5	Business Losses	121.19	101.57	(19.62)	(100.69)
6	Preliminary Expenses and Others	4.41	4.64	0.23	(4.34)
	<b>Net deferred tax assets/(liabilities)</b>	<b>70.49</b>	<b>90.14</b>	<b>19.65</b>	<b>38.28</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

(d) Reflected in the balance sheet as follows:

(₹ in crore)

S.No.	Particulars	31st March 2021	31st March 2020
1	Deferred tax assets	226.40	211.83
2	Deferred tax liability	(155.91)	(121.69)
	<b>Deferred Tax Asset/(Liabilities) (Net)</b>	<b>70.49</b>	<b>90.14</b>

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

As at 31<sup>st</sup> March 2021

(₹ in crore)

S.No.	Particulars	Balance As at 1st April 2020 (Net)	Recognised in Statement of Profit and Loss	Recognised in OCI	Balance As at 31st March, 2021 (Net)
1	Property, Plant & Equipment (including intangible): Difference in book depreciation and income tax depreciation	(121.69)	(34.22)	-	<b>(155.91)</b>
2	Provisions	75.65	(1.19)	-	<b>74.46</b>
3	Items disallowed u/s 43B of Income Tax Act, 1961	0.04	(0.03)	-	<b>0.01</b>
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	29.93	(3.60)	-	<b>26.33</b>
5	Business Losses	101.57	19.62	-	<b>121.19</b>
6	Preliminary Expenses and Others	4.64	(0.23)	-	<b>4.41</b>
	<b>Net deferred tax assets/(liabilities)</b>	<b>90.14</b>	<b>(19.65)</b>	-	<b>70.49</b>

As at 31<sup>st</sup> March 2020

(₹ in crore)

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	(20.42)	(101.27)	-	<b>(121.69)</b>
2	Provisions	111.40	(35.75)	-	<b>75.65</b>
3	Items disallowed u/s 43B of Income Tax Act, 1961	-	0.04	-	<b>0.04</b>
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	36.26	(6.33)	-	<b>29.93</b>
5	Business Losses	0.88	100.69	-	<b>101.57</b>
6	Preliminary Expenses and Others	0.30	4.34	-	<b>4.64</b>
	<b>Net deferred tax assets/(liabilities)</b>	<b>128.42</b>	<b>(38.28)</b>	-	<b>90.14</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 12. Other Non-Current Assets

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Considered Good : Unsecured</b>		
<b>Advances Other than Capital Advances</b>		
Advances to Contractors against Material and Machinery	28.50	113.88
Advances to Contractors, Suppliers and Others	-	0.07
Deposits with Tax Departments	-	0.17
Interest Accrued on :		
- Advances to Contractors, Suppliers & Others	19.14	15.49
<b>Total</b>	<b>47.64</b>	<b>129.61</b>

### 13. Inventories

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Raw Material (Valued at Cost or NRV whichever is lower, unless otherwise stated)		
- In Hand	25.10	30.95
- With Third Parties	44.22	26.05
- In Transit	0.47	-
Others (Scrap)	0.82	0.29
Construction Work In progress (at Cost)	50.04	263.38
<b>Total</b>	<b>120.65</b>	<b>320.67</b>

### 14. Current Assets – Current Financial Assets

#### 14.1 Current Financial Assets – Trade Receivables

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Considered Good : Unsecured (Refer Foot Note (i) & (ii))	630.77	551.19
Considered Doubtful : Unsecured	20.48	27.18
Less : Impairment allowances for doubtful debts	(20.48)	(27.18)
<b>Total</b>	<b>630.77</b>	<b>551.19</b>

#### Foot Notes:-

- Includes Receivables from related parties ₹ 258.78 crore (As at 31st March 2020 : ₹ 214.76 crore) and are disclosed in Note 37 (c) 4.1.
- Trade Receivable of Ircon Infrastructure & Services Limited includes receivables to the tune of ₹ 2.20 crore (FY 2019-20 ₹ 1.49 crore) which are sub judice.

#### 14.2 Current Financial Assets – Cash and Cash equivalents

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
Cash in hand		0.08	0.08
Cheques/drafts in hand	(i)	-	7.65
Remittance in Transit		-	0.19
Balances with banks:			
- On current accounts	(iii)	170.82	183.74
- Flexi Accounts	(ii) & (iv)	203.48	147.15
- Deposits with original maturity of less than 3 months	(ii) & (v)	39.82	174.06
<b>Total (Refer Note vi)</b>		<b>414.20</b>	<b>512.87</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 14.3 Current Financial Assets – Other Bank Balances

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
<b>Other Bank Balances</b>			
- Deposits with original maturity of more than 3 months but less than 12 months	(ii), (v) & (vii)	3,029.31	2,156.99
- Deposits with original maturity of more than 3 months but less than 12 months (Bank Guarantee)	(viii)	2.79	2.68
- Dividend Distribution Account		0.14	0.07
<b>Total</b>		<b>3,032.24</b>	<b>2,159.74</b>

#### Foot Notes (Note 14.2 and 14.3) : –

- (i) Includes Cheques/drafts in hand of ₹ Nil (As at 31st March 2020 : ₹ 7.65 crore), encashability of which is restricted by the order of court.
- (ii) Includes Clients Fund of ₹ **2,018.35 crore** (As at 31st March 2020 : ₹ 1,825.89 crore) on which interest is passed on to them. Also, includes Project Fund against trade payable ₹ **737.90 crore** (31st March 2020: ₹ 576.85 crore)
- (iii) Includes ₹ **2.13 crore** (As at 31st March 2020 : ₹ 1.11 crore) balance pertains to ESCROW account which are earmarked funds as per concession agreement entered with NHAI in respect of Ircon PB Tollway Limited and ₹ **0.07 crore** (As at 31st March 2020 : ₹ 0.02 crore) balance pertains to ESCROW account which are earmarked funds as per concession agreement entered with NHAI in respect of Ircon Shivpuri Guna Tollway Limited.
- (iv) Includes ₹ **9.17 crore** (As at 31st March 2020 : ₹ 11.65 crore) balance pertains to ESCROW account which are earmarked funds as per concession agreement entered with NHAI in respect of Ircon PB Tollway Limited and ₹ **6.35 crore** (As at 31st March 2020 : ₹ 3.30 crore) balance pertains to ESCROW account which are earmarked funds as per concession agreement entered with NHAI in respect of Ircon Shivpuri Guna Tollway Limited.
- (v) Includes Client fund of ₹ **42.80 crore** (As at 31st March 2020 : ₹ 8.00 crore) of Ircon Infrastructure & Services Limited.
- (vi) Includes Clients Fund of ₹ **30.07 crore** (As at 31st March 2020 : ₹ 92.71 crore) of Ircon Infrastructure & Services Limited.
- (vii) Includes deposits of ₹ **26.46 crore** (As at 31st March 2020 : ₹ Nil) of Ircon Davanagere Haveri Highway Limited which is under lien with the Punjab National Bank
- (viii) Represents fixed deposit placed against Bank Guarantee issued to Ministry of External Affairs for Myanmar Road Project of Ircon Infrastructure & Services Limited.

#### 14.4 Current Financial Assets – Loans

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>A. Considered Good : Secured</b>		
Staff Loans and Advances	0.16	0.41
<b>B. Considered Good : Unsecured</b>		
Staff Loans & Advances *	0.79	1.21
<b>Total</b>	<b>0.95</b>	<b>1.62</b>

#### \* Details of amount due from Directors:

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Amount due from directors included in staff loans and advances	-	0.0020
<b>Total</b>	<b>-</b>	<b>0.0020</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 14.5 Current Assets – Other Financial Assets

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
<b>Considered Good : Unsecured</b>			
Security Deposits			
– Government Departments		12.68	17.50
– Others		132.80	133.28
Contract Asset:			
– Billable Revenue / Receivable not due	(i) (a) & (b)	183.37	214.13
– Construction Work in Progress (At realisable value)	(i) (b)	153.06	161.57
– Construction cost incurred in terms of SCA	(ii)	302.38	434.57
– Retention Money with Client	(iii)	98.82	14.55
– Money Withheld by Client	(iii)	279.76	192.09
Earnest Money Deposit		2.26	0.26
Fixed deposits having remaining maturity of less than 12 months		8.18	8.57
Fixed deposits having remaining maturity of less than 12 months (Bank Guarantee)	(iv)	0.26	–
Interest Accrued on :			
– Advance to Staff	(v)	0.25	0.51
– Loans to Related Parties		9.35	8.15
– Advances to Rail Land Development Authority (RLDA)		160.72	212.85
Less : Interest Accrued on Loan from Indian Railway Finance Corporation (IRFC)	(vi)	(156.56)	(210.00)
– Deposits with Banks		31.75	33.20
– Bonds		17.82	17.86
<b>Share Application Money pending Allotment :</b>			
Indian Railway Stations Development Corporation Limited – 301 equity shares of ₹ 10 each (31 March 2020 : 301)		–	–
Other Recoverable :			
(a) Recoverable from Related Parties (Joint Ventures)			
– International Metro Civil Contractor		3.70	3.66
– Metro Tunnelling Group		4.64	4.37
– Ircon Soma Tollway Private Limited		0.02	0.02
– Indian Railway Station Development Corporation Limited		0.96	0.99
– IRCON – AFCON JV		0.68	29.43
– Chhattisgarh East Railway Limited		0.20	0.60
– Bastar Railway Private Limited		0.83	0.56
– Mahanadi Coal Railway Limited		1.82	1.40
– Express Frieght Consortium		0.51	–
(b) Recoverable from Rail Land Development Authority (RLDA)		639.95	615.31
Less : Loan From Indian Railway Finance Corporation (IRFC)	(vi)	(615.31)	(615.31)
(c) Claims Recoverable from Clients		20.64	18.72
(d) Advance Lease Rent		0.18	0.19
(e) Others	(vii) & (viii)	10.68	59.62
<b>Considered Doubtful : Unsecured</b>			
Security Deposits			
– Government Departments		0.12	0.12
– Others		0.17	0.26
Earnest Money Deposit		0.16	0.16
Contract Asset:			
– Retention Money with Client		5.99	5.99
– Money Withheld by Client		3.16	5.68
Recoverable from Ircon Soma Tollway Pvt. Ltd.		0.05	0.05
Recoverable from Rail Land Development Authority (RLDA)		5.81	5.81
Less : Impairment allowance for doubtful financial assets		(15.46)	(18.07)
<b>Total</b>		<b>1,306.40</b>	<b>1,358.65</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Foot Notes : -

- (i) (a) Includes Value of work amounting to ₹ **23.22 crore** (As at 31st March 2020 : ₹ 32.77 crore) certified by client, but not billed by reporting date.  
 (b) Includes Receivables from related parties ₹ **157.34 crore** (As at 31st March 2020 : ₹ 186.67 crore) and are disclosed in Note : 37 (c) 4.2(a)
- (ii) Construction Cost pertains to the Highway being made by the Ircon Vadodara Kim Expressway Limited and Ircon Davanagere Haveri Highway Limited under Hybrid Annuity Model (HAM).
- (iii) Includes Receivables from related parties ₹ **67.79 crore** (As at 31st March 2020 : ₹ 35.13 crore) and are disclosed in Note : 37 (c) 4.2 (b)
- (iv) Represents fixed deposit placed against Bank Guarantee issued to Haryana Vishwakarma Skill University in case of Ircon Infrastructure & Services Limited.
- (v) Debts due by officers of the company, firms in which any director is a partner or private company in which any director is a member except JVs and Subsidiaries are ₹ Nil ((31st March 2020 : ₹ Nil).

Details of amount due from Directors:

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Amount due from directors included in interest accrued on staff loans and advances	-	0.0028
<b>Total</b>	<b>-</b>	<b>0.0028</b>

- (vi) Refer Note 23.2 and 20.1 (i) B
- (vii) Includes ₹ Nil (As at 31st March 2020 : ₹ 46.94 crore) due from NHAI as Equity support in respect of Ircon PB Tollway Limited.
- (viii) Includes ₹ Nil (As at 31st March 2020 : ₹ 0.41 crore) from NHAI on account of additional concession fees paid in March 2020 due to COVID -19 Lockdown, which is recoverable in subsequent months from NHAI by Ircon Shivpuri Guna Tollway Limited.

### 15. Current Tax Assets (Net)

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Taxes Paid including TDS & Advance Tax (Net of Provision for Tax)	31.28	30.35
Income Tax Refundable	-	(0.19)
<b>Current tax Assets (Net)</b>	<b>31.28</b>	<b>30.16</b>

### 16. Other Current Assets

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Considered Good : Unsecured</b>		
<b>Advances Other than Capital Advances</b>		
Advances to Contractors against Material and Machinery	384.06	279.63
Advances to Contractors, Suppliers and Others	706.10	688.67
Advance Recoverable from:		
- Sales Tax (including TDS)	321.17	340.14
Less : Deposited under Protest	(217.05)	(218.65)
- Value Added Tax	87.75	86.94
- Goods & Services Tax	540.64	423.35
- Service Tax Input Credit	0.01	0.01
Security Deposits	28.72	28.72

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Particulars	As at 31st March 2021	As at 31st March 2020
Interest Accrued on:		
– Deposits & Advances with Contractors, Suppliers & Others	78.10	79.67
– Income Tax Refund	0.20	–
Prepaid Expenses	7.90	3.72
Deffered CSR Expenditures	7.12	–
Fair Valuation Adjustment	0.01	0.01
Others	0.01	0.03
<b>Considered Doubtful : Unsecured</b>		
Advances to Contractors, Suppliers and Others	16.99	16.93
Sales Tax (including TDS)	35.04	36.05
Value Added Tax	7.18	7.18
Less: Impairment allowance for doubtful advances	(59.21)	(60.16)
<b>Total</b>	<b>1,944.74</b>	<b>1,712.24</b>

#### 17. Assets held for Sale

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
Assets held for sale	(i) and (ii)	0.45	0.93
<b>Total</b>		<b>0.45</b>	<b>0.93</b>

#### Foot Note:

(i) Property, Plant & Equipment beyond economic repair and / or held for disposal (at lower of the realizable value and book value):

(₹ in crore)

Block of assets	Description of the assets	Manner and expected time of disposal	Expected (Loss) / Gain on sale of non current assets	Segment	As at 31 <sup>st</sup> March 2021		As at 31 <sup>st</sup> March 2020	
					Gross Block	Net Block	Gross Block	Net Block
<b>Plant and Machinery</b>								
Northern Region	Plant and Machinery (Noida Workshop)	Through e-auction like MSTC with expected time of disposal by end of year 2021	–	Domestic : PMD Division	0.78	0.05	0.78	0.05
Northern Region	Plant and Machinery (DMRC CE 6)	Through e-auction like MSTC with expected time of disposal by end of year 2021	–	Domestic	0.19	0.01	0.19	0.01
Malaysia Region	Locomotives – 4 No. (15 No.)	Open Tender	–	International	0.08	0.08	0.16	0.16
	Nil (5 No.) of Track Machine, 2No. (Nil) Hopper wagons, 10 No. (9 No.) Flat Wagons, Nil (2 No.) of wide base Tractors & 2 No. (Nil) Coaches	Limited Tender	–	International	0.02	0.02	0.14	0.14
	Elect. Cahin Hoist System	Limited Tender	–	International	0.01	0.01	–	–



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### For The Year Ended 31<sup>st</sup> March 2021

Block of assets	Description of the assets	Manner and expected time of disposal	Expected (Loss) / Gain on sale of non current assets	Segment	As at 31 <sup>st</sup> March 2021		As at 31 <sup>st</sup> March 2020	
					Gross Block	Net Block	Gross Block	Net Block
Mozambique Project	Plant and Machinery		-	International	-	-	5.90	0.29
<b>Office Equipments</b>								
Malaysia Region	28 Items (Nil) of Office Equipments, 17 No. (Nil) of Airconditioners & 68 Items (Nil) of Electrical Appliances	Limited Tender	-	International	0.03	-	0.03	-
<b>Furniture &amp; fixtures</b>								
Malaysia Region	79 Items of Furnitures	Limited Tender	-	International	-	-	0.01	-
<b>Freehold Building – Residential</b>								
Southern Region	Freehold Building - Residential at Chennai	Open Tender	-	Domestic	0.38	0.28	0.38	0.28
<b>Total</b>					<b>1.49</b>	<b>0.45</b>	<b>7.59</b>	<b>0.93</b>

(ii) Property Plant & Equipment classified as Held for Sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of re-classification. Accordingly, impairment loss of ₹ 0.003 crore (31 March 2020 : ₹ 0.01 crore) has been provided for.

## 18. Equity Share Capital

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Authorised Share Capital</b>		
200,00,00,000 Equity shares of ₹ 2 each (Refer Note 18(e))		
(40,00,00,000 Equity shares of ₹ 10 each as at 31st March 2020)	400.00	400.00
	<b>400.00</b>	<b>400.00</b>
<b>Issued/Subscribed and Paid up Capital</b>		
47,02,57,870 Equity shares of ₹ 2 each-fully paid (Refer Note 18 (e))		
(9,40,51,574 Equity shares of ₹10 each-fully paid as at 31st March 2020)	94.05	94.05
	<b>94.05</b>	<b>94.05</b>

### (a) Details of Shareholders holding more than 5% of fully paid-up equity shares:

Name of the shareholder	As at 31st March 2021		As at 31st March 2020	
	No. of Share	% holding in the class	No. of Share	% holding in the class
Government of India in the name of the President of India and Government nominees (Refer Note 18 (e))	34,41,50,825	73.18%	8,38,78,417	89.18%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### (b) 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

	As at 31st March 2021	As at 31st March 2020	As at 31st March 2019	As at 31st March 2018	As at 31st March 2017	As at 31st March 2016
	No. of Share	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	-	-	-	-	7,91,84,000	-
Equity shares Buy Back	-	-	-	49,28,426	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,28,426</b>	<b>7,91,84,000</b>	<b>-</b>

In FY 2017-18, Department of Investment and Public Asset Management (DIPAM) had instructed the Holding Company to buy back shares to the extent of 5% of paid up capital. Total shares proposed to be bought back was 49,41,818 in numbers at book value of these shares. Board of Directors at its 236<sup>th</sup> meeting dated 21.09.2017 approved proposal to buy back by the holding company of its fully paid up equity shares of ₹ 10 each not exceeding 49,41,818 shares from the existing shareholders. As on the closing date of submission of offer i.e. 04.12.2017 offer for 49,28,426 shares held by Govt. of India was received.

#### (c) Terms / Rights attached to Equity Shares :

##### (i) Voting

The Group has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

##### (ii) Liquidation

In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

##### (iii) Dividend

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

#### (d) Reconciliation of the number of equity shares and share capital outstanding at the beginning and at the end of the year

Particulars	As at 31st March 2021		As at 31st March 2020	
	No of shares	₹ in crore	No of shares	₹ in crore
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	9,40,51,574	94.05	9,40,51,574	94.05
Add: Shares Issued during the year	-	-	-	-
Add: Increase in the number of Shares on account of Share Split (Refer Note 18 (e))	37,62,06,296	-	-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	<b>47,02,57,870</b>	<b>94.05</b>	<b>9,40,51,574</b>	<b>94.05</b>

#### (e) The shareholders through postal Ballot on 22nd March, 2020 have approved :

(i) Split the face value of one equity share from ₹ 10/- each into five equity shares of ₹ 2/- each which have been reflected at Stock exchanges w.e.f. 3rd April, 2020.

(ii) Amended the Capital Clause in the Memorandum of Association of the Holding Company.

(f) The Board of Directors of Ircon International Limited in its 268<sup>th</sup> meeting held on 5th April, 2021 had approved the proposal for issuance of 47,02,57,870 fully paid-up Bonus Shares of ₹ 2/- each in the ratio of 1:1, (i.e. issue of 1 (one) equity share for every existing 1 (one) equity share with 21st May, 2021 as the Record Date for the purpose of ascertaining the eligibility of Shareholders. The Final Listing and Trading Approvals from NSE and BSE have been received on 31st May, 2021. Post Bonus, the Paid-up Share Capital of the Group is ₹ 188,10,31,480 divided into 94,05,15,740 equity shares of ₹ 2/- each.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 19. Other Equity

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Retained Earnings	1,024.61	791.85
General Reserve	3,284.64	3,284.64
Capital Redemption Reserve	4.93	4.93
Other Comprehensive Income	(5.10)	(4.19)
<b>Total</b>	<b>4,309.08</b>	<b>4,077.23</b>

#### i) Movement as per below:

##### (a) Retained Earnings

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Opening Balance</b>	<b>791.85</b>	<b>580.93</b>
Transfer from surplus in statement of profit and loss	391.06	485.27
Dividend declared and paid during the year including Corporate Dividend Tax	(96.87)	(122.74)
Interim Dividend including Tax thereon	(61.13)	(152.50)
Re-measurement of defined benefit plans (net of tax)	(0.30)	0.89
<b>Closing Balance</b>	<b>1,024.61</b>	<b>791.85</b>

##### (b) General Reserve

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Opening Balance and Closing Balance</b>	<b>3,284.64</b>	<b>3,284.64</b>

##### (c) Capital Redemption Reserve

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Opening Balance and Closing Balance</b>	<b>4.93</b>	<b>4.93</b>

##### (d) Other Comprehensive Income

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Opening Balance</b>	<b>(4.19)</b>	<b>(0.33)</b>
Foreign Currency Translation (net of tax) during the year	(0.91)	(3.86)
<b>Closing Balance</b>	<b>(5.10)</b>	<b>(4.19)</b>
<b>Grand Total (a+b+c+d)</b>	<b>4,309.08</b>	<b>4,077.23</b>

#### ii) Nature and Purpose of Other Reserves:

##### (a) Retained Earnings

Retained Earnings represents the undistributed profits of the Group.

##### (b) General Reserve

General Reserve represents the statutory reserves, this is in accordance with Corporate Law wherein portion of profit is apportioned to General Reserve. Under Companies Act, 2013, the transfer of any amount to General Reserve is at the discretion of the Group.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### (c) Capital Redemption Reserve

The Holding Company has created Capital Redemption Reserve out of the profits after Buy Back of shares on 26th December 2017.

#### (d) Other Comprehensive Income

Other Comprehensive Income represents balance arising on account of exchange difference on translation of foreign operations.

### iii) Dividend Distribution

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Cash dividends on equity shares declared / paid:		
Final Dividend of FY 2019-20 paid during 2020-21: ₹ 2.06 per share on face value of ₹ 2/- per equity share (Paid during FY 2019-20: ₹ 2.165 per share (Refer Note 18 (e)))	96.87	101.81
Dividend distribution tax final dividend	-	20.93
Interim dividend paid during 2020-21 : ₹ 1.30 per share (FY 2019-20: ₹ 2.69 per share (Refer Note 18 (e)))	61.13	126.50
Dividend distribution tax on interim dividend	-	26.00
<b>Total</b>	<b>158.00</b>	<b>275.24</b>

### iv) Dividends not recognised at the end of the reporting year

(₹ in crore)

Particulars	31st March 2021	31st March 2020
Final dividend recommended by the Board of Directors, subject to the approval of shareholders in the ensuing Annual General Meeting :		
Dividend for 31 March 2021: ₹ 1.32 per share (31 March 2020: ₹ 1.03 per share) Re-estimated based on Bonus Issue Ref. Note 18 (e) and 18 (f)	124.15*	96.87
Dividend distribution tax on proposed dividend	-	-
<b>Total</b>	<b>124.15</b>	<b>96.87</b>

\*In its subsequent meeting, the Board of Directors has revised the final dividend for FY 2020-21 to ₹ 1.70 per equity share on face value of ₹ 2/- per share, accordingly the total dividend payable is ₹ 159.89 Crore.

## 20. Non-Current Liabilities – Non-Current Financial Liabilities

### 20.1 Non-Current Financial Liabilities – Borrowings

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Loan From Banks:</b>		
<b>Secured:</b>		
Loan From Punjab National Bank {Refer Foot Note (i) A below}	312.09	-
<b>Loan From Others:</b>		
<b>Unsecured:</b>		
Loan From Indian Railway Finance Corporation (IRFC) {Refer Foot Note (i) B below}	1,230.61	1,845.92
Less: Recoverable from Rail Land Development Authority (RLDA) {Refer Note 10.3}	(1,230.61)	(1,845.92)
<b>Total</b>	<b>312.09</b>	<b>-</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Foot Notes :

#### i) Details of Repayment terms, Rate of Interest and Security disclosure :

##### A Secured borrowings from banks:

###### Terms and Conditions

Loan Sanctioned by bank of ₹ 502.76 crore in favor of Ircon Davanagere Haveri Highway Limited. Loan disbursed till reporting date is ₹ 330.93 crore out of which ₹ 18.84 crore is shown in Note 23.2. Repayment period will be 10 years and 6 months (Starting w.e.f. 24.04.2021 and last installment on 24.07.2031)

Term loan shall be repaid in 42 Quarterly installments starting from 24th April 2021.

Term Loan to be backed by unconditional & irrevocable corporate guarantee of the holding Company (rated CARE AAA)

###### Rate of Interest

Interest rate to be charged on loan shall be at 1Year MCLR (7.35%-Sep2020)+0.60% i.e 7.95% p.a. presently subject to change from time to time.

Interest shall be paid as and when due.

###### Details of Security:

- (a) First charge by way of hypothecation of all fixed asset/ movable assets of the subsidiary company (other than project assets; Except those acquired out of the free flow of the subsidiary company in operation phase) and being informed from time to time to lender.
- (b) First charge on the book debts of the project, operating cash flow, receivables, commission, revenues of whatsoever nature and wherever arising, present and future intangibles, goodwill and uncalled capital (Present and future).
- (c) A first charge on projects bank account, including but not limited to the escrow account opened in designated bank, where all cash inflow from the project shall be deposited and proceeds shall be utilised in a manner and priority to be decided by lender and investors.
- (d) Assignment of all subsidiary company's rights and interest under all the agreement related to project, letter of credit (if any), and guarantee and performance bond provided by any party for any contract related to the project in favor of borrower.
- (e) Substitution agreement executed by authority on behalf of lender for the facility.
- (f) Assignment of all applicable insurance policies.

##### B Unsecured borrowings from Others:

###### (a) Terms and Conditions of the Unsecured Loan :

The Group has raised a loan from Indian Railway Finance Corporation ("IRFC") which in turn have been paid to Railway Land Development Authority "RLDA" in terms of lease agreement. As per the Memorandum of understanding ("MOU") entered between RLDA and the Group, all instalments of principal and interest, as also any default or additional interest, and other costs, expenses and charges associated with the loan (or otherwise payable under or pursuant to the Loan Agreement), shall be paid by RLDA to the Group. The repayment of principal of the Loan Amount shall be made in 5 (five) equal instalments commencing from April 15, 2019 (Refer Note 10.3 (Foot Note (v))).

###### (b) Rate of Interest :

- (i) The Group will pay interest on the principal amount of the Loan advanced and outstanding from time to time, at the rate of 8.77% (Eight point seven seven percent) per annum ("Applicable Interest rate") (exclusive of applicable interest tax, service tax and / or any such other taxes / levies / duties). such taxes / levies / duties, if any, applicable, shall be payable (in the same manner and time as the principal and interest) by the Borrower to the Lender over and above the rates specified above.
- (ii) The Applicable Interest Rate shall be fixed for currency of loan term.

###### (c) Termination of the Memorandum of Understanding (MOU)

Upon the occurrence of certain identified events the MOU would stand terminated, whereupon Ircon would be substituted by such entity as agreed to between IRFC, Ircon, RLDA & Ministry of Railways (MoR). MoR would be entitled to pre pay the entire outstanding under the Loan Agreement on termination of this agreement.

###### (d) Offsetting the Loan from IRFC and Recoverable from RLDA

As per para 2.4 of the Memorandum of understanding ("MOU") entered between RLDA and the Group, all instalments of principal and interest, as also any default or additional interest, and other costs, expenses and charges associated with the loan (or otherwise payable under or pursuant to the Loan Agreement), shall be paid by RLDA to the Group.

Group has a legally enforceable right to set off the loan liability regarding IRFC and recoverable from RLDA as per MOU and have the financial arrangement to settle the loan from IRFC with the proceeds realised from RLDA simultaneously. Accordingly, as per provision of Ind AS-32 amount recoverable from RLDA and loan from IRFC has been offset and the net amount presented in the balance sheet.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 20.2 Non-Current Financial Liabilities – Trade Payables

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
(A) Micro, Small & Medium Enterprises	-	-
(B) Other than Micro, Small & Medium Enterprises		
(i) Contractor & Suppliers	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### 20.3 Non-Current Liabilities – Other Financial Liabilities

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Deposits and Retention Money	282.72	393.30
Amount payable to Client	0.23	0.23
Interest Payable on Advance from Client	-	7.08
Lease Liability	0.15	0.14
<b>Total</b>	<b>283.10</b>	<b>400.75</b>

#### 21. Provisions

(₹ in crore)

Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
Provision for Employee Benefits	21.1	95.01	109.26
Other Provisions	21.2	214.86	209.47
		<b>309.87</b>	<b>318.73</b>
<b>Current</b>		<b>202.29</b>	<b>239.83</b>
<b>Non Current</b>		<b>107.58</b>	<b>78.90</b>

The disclosure of provisions movement as required under the requirements of Ind AS 37 is as follows :

##### 21.1 Provision for Employee Benefits :

- The provisions are created for the purpose of Gratuity, leave encashment, settlement allowance, post retirement medical benefits, performance related pay and leave travel concession.
- Disclosures as per Ind AS 19 'Employee benefits' are provided in Note 36.
- Movement in the carrying value of Provisions for Employee Benefits are provided as below:

(₹ in crore)

Particulars	Gratuity	Leave Salary*	Settlement Allowance on Retirement	Post Retirement Medical Benefits	Performance Related Pay	Leave Travel Concession	Total
<b>As at 1-April-2020</b>	<b>0.03</b>	<b>68.52</b>	<b>1.28</b>	<b>10.45</b>	<b>28.86</b>	<b>0.11</b>	<b>109.25</b>
Current	-	8.52	0.18	10.45	28.86	-	<b>48.01</b>
Non Current	0.03	60.00	1.10	-	-	0.11	<b>61.24</b>
Provision made during the year	0.01	10.11	0.15	4.72	11.73	0.01	<b>26.73</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Particulars	Gratuity	Leave Salary*	Settlement Allowance on Retirement	Post Retirement Medical Benefits	Performance Related Pay	Leave Travel Concession	Total
Less: Utilization during the year	-	(6.68)	(0.03)	(10.45)	(19.51)	-	<b>(36.67)</b>
Less: Write Back during the year	-	(1.88)	-	-	(2.15)	(0.01)	<b>(4.04)</b>
(Exchange Gain) / Loss	-	(0.13)	(0.13)	-	-	-	<b>(0.26)</b>
<b>As at 31-March-2021</b>	<b>0.04</b>	<b>69.94</b>	<b>1.27</b>	<b>4.72</b>	<b>18.93</b>	<b>0.11</b>	<b>95.01</b>
<b>Current</b>	<b>-</b>	<b>8.31</b>	<b>0.16</b>	<b>4.72</b>	<b>18.93</b>	<b>0.02</b>	<b>32.14</b>
<b>Non Current</b>	<b>0.04</b>	<b>61.63</b>	<b>1.11</b>	<b>-</b>	<b>-</b>	<b>0.09</b>	<b>62.87</b>

\* Includes ₹ 1.38 crore for employees posted on Foreign Projects on which leave salary provision has been made on actual basis.

#### 21.2 Other Provisions :

Disclosures as per Ind AS 37 regarding nature of provisions and movements in provisions are as follows :

##### a) Demobilisation Provisions

The Group has made provision for demobilisation to meet the expenditure towards Demobilisation of Manpower and Plant & Equipment in respect of foreign projects.

##### b) Maintenance Provisions

In Cost Plus contract, no provision for maintenance is required to be made where cost is reimbursable.

Item Rate and Lump Sum turnkey contracts, provision is made for maintenance to cover Group's liability during defect liability period keeping into consideration the contractual obligations, obligations of the sub-contractor, operating turnover and other relevant factors.

Further, provision for major maintenance is made in line with Maintenance Manual for operating of Toll Road.

##### c) Legal Cases

Provision for legal cases represents liabilities that are expected to materialise in respect of matters in courts, arbitrations and appeal.

##### d) Provisions for Other Expenses

Provision for other expenses represents expected tax liabilities in respect of indirect taxes and others.

(₹ in crore)

Particulars	Demobilisation	Maintenance	Legal Cases	Other Expenses	Total
<b>As at 01-April-2020</b>	<b>14.01</b>	<b>42.48</b>	<b>45.18</b>	<b>107.81</b>	<b>209.48</b>
Current	12.76	26.07	45.18	107.81	<b>191.82</b>
Non Current	1.25	16.41	-	-	<b>17.66</b>
Provision made during the year	0.04	31.65	16.88	7.01	<b>55.58</b>
Less: Utilization during the year	(0.01)	(3.62)	(2.56)	(13.02)	<b>(19.21)</b>
Less: Write Back during the year	(0.13)	(1.95)	(1.41)	(27.93)	<b>(31.42)</b>
(Exchange Gain) / Loss	(0.39)	(0.95)	-	0.55	<b>(0.79)</b>
Unwinding of discount	0.02	1.20	-	-	<b>1.22</b>
<b>As at 31-March-2021</b>	<b>13.54</b>	<b>68.81</b>	<b>58.09</b>	<b>74.42</b>	<b>214.86</b>
<b>Current</b>	<b>12.46</b>	<b>25.18</b>	<b>58.09</b>	<b>74.42</b>	<b>170.15</b>
<b>Non Current</b>	<b>1.08</b>	<b>43.63</b>	<b>-</b>	<b>-</b>	<b>44.71</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 22. Other Non- Current Liabilities

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>a) Contract Liability</b>		
Advance from Clients	333.50	267.88
<b>b) Others</b>		
Upfront Amount from Sub – leasing of MFCs	31.46	30.28
<b>Total</b>	<b>364.96</b>	<b>298.16</b>

### 23. Current Liabilities – Current Financial Liabilities

#### 23.1 Current Financial Liabilities – Trade Payables

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
(A) Micro, Small & Medium Enterprises	14.77	8.08
(B) Other than Micro, Small & Medium Enterprises		
(i) Contractor & Suppliers	743.25	581.11
<b>Total</b>	<b>758.02</b>	<b>589.19</b>

#### Foot Notes:

- a) Disclosures as required under Companies Act, 2013 / Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) are provided in Note 45.

#### 23.2 Current Liabilities – Other Financial Liabilities

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Current Maturities of Long-Term Debt :		
(a) Secured Loan From Punjab National Bank	18.84	-
(b) Unsecured Loan From Indian Railway Finance Corporation	615.31	615.31
Less : Recoverable from Rail Land Development Authority (Refer Foot Note (i))	(615.31)	(615.31)
Interest Accrued on Secured Loan from Punjab National Bank	2.23	-
Interest Accrued on Unsecured Loan from Indian Railway Finance Corporation	156.56	210.00
Less : Interest Accrued on Advances to Rail Land Development Authority {(Refer Foot Note (i))}	(156.56)	(210.00)
Gratuity Payable	4.72	3.32
Deposits, Retention Money and Money Withheld	1,106.20	952.84
Amount Payable to Client	795.60	671.46
Interest Payable on Advance from Client	287.33	252.17
Other Payables (including Staff Payable)	228.40	234.42
Lease Liability	0.01	0.03
<b>Total</b>	<b>2,443.33</b>	<b>2,114.24</b>

#### Foot Note:

- (i) Refer Note 14.5 and 20.1 (i) B



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 24. Other Current Liabilities

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>a) Contract Liability</b>		
Advance from Clients	2,054.00	2,039.86
Less: Deposits under protest	(217.05)	(218.65)
Advance Contract Receipts	243.38	263.78
<b>b) Others</b>		
Statutory dues (Refer Foot Note (i))	210.51	169.88
Upfront Amount from Sub – leasing of MFCs	1.43	1.43
<b>Total</b>	<b>2,292.27</b>	<b>2,256.30</b>

#### Foot Notes:

i) Statutory dues includes liability for Goods and Service Tax (GST), TDS, Provident Fund and other statutory dues.

#### 25. Current Tax Liability (Net)

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
Provision for tax (Net of Advance Tax) (Refer Note 48 (a))	87.21	32.03
<b>Total</b>	<b>87.21</b>	<b>32.03</b>

#### 26. Revenue from Operations

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Contract Revenue	4,992.81	5,095.97
Revenue from Toll Operations	153.62	139.36
Group's share of turnover in Integrated Joint operations (unincorporated)	0.51	-
Machinery Hire Charges	3.75	16.66
MFC Leasing	11.08	16.65
Project Management Consultancy	167.76	106.65
Other Operating Revenue	12.43	15.82
<b>Total</b>	<b>5,341.96</b>	<b>5,391.11</b>

#### 27. Other Income

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Interest Income :</b>		
Interest on Tax Free Bonds	22.04	22.10
Interest on Refund of Income-tax	0.59	0.15
Interest on Staff Advances	0.10	0.10
Interest on loan to Related Parties (Refer Note (i))	1.81	3.61
Interest on Advances and Others	74.11	27.10
Less:- Other Interest Passed to Clients	(21.89)	(9.35)
Interest income on Unwinding of Financial Instruments	-	0.14
Bank Interest Gross	114.13	168.26
Less:- Interest passed to Clients	(55.15)	(110.78)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

Particulars	For the year ended 31st March 2021		For the year ended 31st March 2020	
<b>Others :</b>				
Profit on Sale of Assets		3.83		29.08
Profit on Sale of Mutual Funds	2.36		0.96	
Less: Profit on Sale of Mutual Fund Passed to Clients	(0.35)	2.01	-	0.96
Miscellaneous Income (Refer Note (ii))	24.17		13.08	
Less: Insurance Claim Passed	(1.26)	22.91	-	13.08
Exchange Fluctuation Gain	-		17.87	
Less: Exchange Fluctuation Loss	-	-	(17.75)	0.12
Dividend from Joint Venture Company		17.00		-
Dividend Income from Other Investments	-		6.15	
Less: Dividend passed to Clients	-	-	(2.15)	4.00
<b>Total</b>		<b>181.49</b>		<b>148.57</b>

### Foot Notes:

#### (i) Interest on loan to Related Parties:

(₹ in crore)

Particulars of Related Parties	2020-21	2019-20
- Chhattisgarh East-West Railway Limited	1.81	3.61
	<b>1.81</b>	<b>3.61</b>

(ii) Include Group's Share of Other Income in Integrated Joint operations (unincorporated) of ₹ 0.43 crore  
(FY 2019-20: ₹ 0.39 crore)

#### 28 (i) Materials and Stores Consumed

(₹ in crore)

Particulars	Foot Note	For the year ended 31st March 2021		For the year ended 31st March 2020	
Opening Balance		57.28		54.77	
Add: Purchases during the year	(i)	376.45		352.22	
		433.73		406.99	
Less: Closing Balance		(67.10)	366.63	(57.28)	349.71
<b>Total</b>		<b>366.63</b>		<b>349.71</b>	

### Foot Notes:

Includes Exchange gain/ (loss) of ₹ (0.38) crore (As at 31st March 2020 : ₹ (1.70) crore) on account of translation from functional currency to presentation currency.

#### 28 (ii) (Increase) / Decrease in WIP

(₹ in crore)

Particulars	For the year ended 31st March 2021		For the year ended 31st March 2020	
Opening Balance	263.38		277.17	
Add: Adjustments during the year for Exchange gain/ (loss)	(1.57)		2.10	
	261.81		279.27	
Less: Closing Balance	(50.04)	211.77	(263.38)	15.89
<b>Total</b>	<b>211.77</b>		<b>15.89</b>	

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 28 (iii) Project and Other Expenses

(₹ in crore)

Particulars	Foot Note	Project Expenses		Other Expenses	
		For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
Work Expenses	(i)	3,824.16	4,093.20	-	-
Toll Operation and Maintenance Expenses		16.00	15.93	-	-
Design, Drawing, Business Development & Consultancy Charges		5.77	3.62	-	-
Inspection, Geo Technical Investigation & Survey Exp. Etc.		23.39	20.86	-	-
Repairs and Maintenance of Machinery		7.22	4.77	-	-
Hire charges of Machinery		6.16	7.45	-	-
Exchange Fluctuation Loss	-	-	-	12.26	-
Less:- Exchange Fluctuation Gain	-	-	-	(4.29)	-
Net Exchange Fluctuation Loss		-	-	7.97	-
Rent - Non-residential		4.26	5.52	1.05	1.50
Rates and Taxes		25.14	32.14	1.63	1.01
Vehicle Operation and Maintenance		8.72	12.84	1.88	1.81
Repairs and Maintenance					
- Building		0.18	0.04	0.73	0.91
- Office and Others		2.55	3.23	4.67	5.04
Power, Electricity and Water Charges		6.20	5.17	1.48	1.76
Insurance		8.93	6.06	0.41	0.45
Travelling & Conveyance		2.93	12.19	0.83	2.71
Printing & Stationery		0.81	1.14	0.55	0.88
Postage, Telephone & Telex		1.22	1.49	0.39	0.56
Legal & Professional Charges		15.10	21.14	6.70	6.54
Security Services		1.60	1.61	0.77	0.69
Listing Expenses		-	-	0.14	0.23
Business Promotion		0.08	0.19	0.28	0.98
Write-off of:					
- Debts		-	-	-	-
- Advances		0.06	-	-	-
- Intangible Assets Under Development		15.07	-	-	-
- Other Assets		0.47	0.04	-	-
Loss on Sale of Assets/Stores		-	-	0.08	0.55
Director's Sitting Fee		-	-	0.10	0.21
Donation		-	-	-	0.02
Auditor's Remuneration	(iv)	-	-	0.69	0.79
Advertisement & Publicity		0.01	-	2.60	4.20
Training & Recruitment		-	-	0.07	1.22
Corporate Social Responsibility (Refer Note No. 46)		-	-	10.59	10.18
Miscellaneous Expenses		3.16	5.99	1.82	2.50
Bank and Other Finance Charges		-	-	0.07	0.03
Interest on Late Payment of Statutory dues		-	-	0.12	0.05
Fee & Subscription Charges		-	-	0.03	0.11
Proportionate share of expenses in Integrated Joint operations (unincorporated)		0.03	0.22	-	-
Provisions (Addition - Write Back) (Refer Note 21)	(ii)	14.14	41.09	-	-
Provisions Utilised (Refer Note 21)	(iii)	(19.45)	(198.45)	-	-
Preliminary Expenses		0.05	-	-	-
<b>Total</b>		<b>3,973.96</b>	<b>4,097.48</b>	<b>45.65</b>	<b>44.93</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Foot Notes:

- Includes write back / reversal of Agency Commission during the financial year 2019–2020, payable for foreign projects for an amount of ₹ 84.13 crore.
- Includes ₹ (10.03) crore (FY 2019–20: ₹ 10.46 crore) Provisions Addition-Write back against Doubtful Advance & Debts
- Includes ₹ 0.23 crore (FY 2019–20: ₹ 0.01 crore) against Doubtful Advance
- Payment to Statutory Auditors:

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
(a) Audit Fee – Current Year	0.36	0.37
(b) Tax Audit Fees – Current Year	0.10	0.10
(c) Fee for Quarterly Limited Review	0.18	0.17
(d) Certification Fees	0.03	0.07
(e) Travelling & Out of Pocket Expenses:		
– Travelling Expenses	0.01	0.03
– Out of Pocket Expenses	0.01	0.05
<b>Total</b>	<b>0.69</b>	<b>0.79</b>

## 29. Employee Benefits Expenses

(₹ in crore)

Particulars	Foot Note	For the year ended 31st March 2021			For the year ended 31st March 2020		
		Project Expenses	Other Expenses	Total	Project Expenses	Other Expenses	Total
Salaries, Wages and Bonus	(i)	154.03	51.36	<b>205.39</b>	161.33	69.42	<b>230.75</b>
Contribution to Provident and Other Funds		9.44	5.04	<b>14.48</b>	9.71	3.90	<b>13.61</b>
Foreign Service Contribution		0.82	0.79	<b>1.61</b>	0.96	0.92	<b>1.88</b>
Retirement Benefits		17.71	6.83	<b>24.54</b>	17.84	13.58	<b>31.42</b>
Staff Welfare		1.14	0.23	<b>1.37</b>	1.31	0.37	<b>1.68</b>
<b>Total</b>		<b>183.14</b>	<b>64.25</b>	<b>247.39</b>	<b>191.15</b>	<b>88.19</b>	<b>279.34</b>

#### Foot Notes:-

- Includes income-tax on non-monetary perks ₹ 0.50 crore (31st March 2020 : ₹ 0.51 crore).

## 30. Finance Costs

(₹ in crore)

Particulars	Foot Note	For the year ended 31st March 2021	For the year ended 31st March 2020
Interest Expense	(i)	177.31	239.00
Less: Interest on Advance to Rail Land Development Authority (RLDA)		(164.81)	(220.35)
Other Borrowing Cost		12.50	18.65
– Bank Guarantee & Other Charges		9.57	7.78
Interest Cost on Lease Liability		0.01	–
Amortisation of Financial Instruments		–	0.14
Unwinding of Discount on Provisions		1.22	1.27
<b>Total</b>		<b>23.30</b>	<b>27.84</b>

#### Foot Notes:-

- Includes interest on income-tax ₹ 1.21 crore (31st March 2020 : ₹ 6.66 crore).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### 31. Depreciation, Amortisation and Impairment

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Depreciation of Property, Plant and Equipment	18.41	14.74
Depreciation of Right to Use – Lease Assets	0.37	0.33
Amortization of Intangible Assets	66.38	66.76
Depreciation of Investment Property	6.93	1.10
Impairment of Assets	-	0.01
<b>Total</b>	<b>92.09</b>	<b>82.94</b>

### 32. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below

(₹ in crore)

Particulars	Remeasurement Gain/(Loss) on Defined Benefit Plans (Presented in Retained Earning)	
	For the year ended 31st March 2021	For the year ended 31st March 2020
Remeasurement Gain/(Loss) on Defined Benefit Plans	(0.40)	1.19
Income Tax relating to Items that will not be reclassified to profit or loss	0.10	(0.30)
<b>Total</b>	<b>(0.30)</b>	<b>0.89</b>

(₹ in crore)

Particulars	Foreign Currency Translation	
	For the year ended 31st March 2021	For the year ended 31st March 2020
Foreign Exchange Translation Differences	(1.21)	(5.15)
Income Tax relating to Items that will be reclassified to profit or loss	0.30	1.30
<b>Total</b>	<b>(0.91)</b>	<b>(3.85)</b>
<b>Grand Total</b>	<b>(1.21)</b>	<b>(2.96)</b>

### 33. A. Fair Value Measurements

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

a) The carrying values and fair values of financial instruments by categories as at 31 March, 2021 are as follows:\*

(₹ in crore)

Particulars	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss ('FVTPL')</b>				
Investment in Mutual Funds	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Assets at Amortized Cost</b>				
(i) Investments				
Investments in Tax Free Bonds	291.46	-	-	291.46
(ii) Loans	1.43	-	-	1.43
(iii) Other Financial Assets	2,174.60	-	-	2,174.60
<b>Total</b>	<b>2,467.49</b>	<b>-</b>	<b>-</b>	<b>2,467.49</b>

(₹ in crore)

Particulars	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Liabilities at Amortized Cost</b>				
(i) Borrowings	312.09	-	-	312.09
(ii) Other Financial Liabilities	2,726.43	-	-	2,726.43
<b>Total</b>	<b>3,038.52</b>	<b>-</b>	<b>-</b>	<b>3,038.52</b>

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

(₹ in crore)

Particulars	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Assets at Fair Value Through Profit and Loss ('FVTPL')</b>				
Investment in Mutual Funds	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial Assets at Amortized Cost</b>				
(i) Investments				
Investments in Tax Free Bonds	291.45	-	-	291.45
(ii) Loans	40.95	-	-	40.95
(iii) Other Financial Assets	1,817.36	-	-	1,817.36
<b>Total</b>	<b>2,149.76</b>	<b>-</b>	<b>-</b>	<b>2,149.76</b>

(₹ in crore)

Particulars	Carrying Value	Fair Value		
		Level 1	Level 2	Level 3
<b>Financial Liabilities at Amortized Cost</b>				
(i) Borrowings	-	-	-	-
(ii) Other Financial Liabilities	2,514.99	-	-	2,514.99
<b>Total</b>	<b>2,514.99</b>	<b>-</b>	<b>-</b>	<b>2,514.99</b>

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts 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:

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

- 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) Investment in joint venture companies are classified as equity investments have been accounted using equity method. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the tables above.

\*During the financial year 2020-21 and 2019-20, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

#### B. Financial Risk Management

The Group's principal financial liabilities comprise borrowings, trade and other payables. The Group's principal financial assets include loans to related parties, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investment in mutual funds and tax free bonds. The Group'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) Foreign Currency Risk

The Group operates internationally and is exposed to insignificant foreign currency risk (since receipts & payments in foreign currency are generally matched) arising from foreign currency transactions, primarily with respect to the US \$, EURO, YEN, BDT, DZD, LKR, MZN, BTN, ZAR, NPR and MYR. Significant foreign currency risk of group are naturally hedged.

As of March 31, 2021 and March 31, 2020, every 5% increase or decrease of the respective foreign currency would impact our profit before tax by approximately ₹ 16.88 crore and ₹ 16.27 crore respectively.

The Group's significant exposure to foreign currency risk at the end of reporting period are as follows:

#### As at 31 March 2021

(₹ in crore)

Particulars	USD	EURO	DZD	BDT	LKR	MYR	ZAR	Total
<b>Assets</b>								
Trade Receivables	36.47	0.07	47.27	-	-	1.23	-	<b>85.04</b>
Cash & Bank Balances	22.01	48.11	14.37	5.71	4.20	4.48	0.07	<b>98.95</b>
Advance to Contractors	3.30	0.39	-	5.84	-	-	-	<b>9.53</b>
Other Assets	155.86	-	143.33	70.38	3.51	20.46	18.37	<b>411.91</b>
<b>Total</b>	<b>217.64</b>	<b>48.57</b>	<b>204.97</b>	<b>81.93</b>	<b>7.71</b>	<b>26.17</b>	<b>18.44</b>	<b>605.43</b>
<b>Liabilities</b>								
Trade Payables	2.08	0.22	23.22	3.78	9.35	0.06	-	<b>38.71</b>
Advance from Client	31.21	7.48	-	-	-	0.57	-	<b>39.26</b>
Other Liabilities	12.55	-	110.39	24.13	8.78	0.93	33.04	<b>189.82</b>
<b>Total</b>	<b>45.84</b>	<b>7.70</b>	<b>133.61</b>	<b>27.91</b>	<b>18.13</b>	<b>1.56</b>	<b>33.04</b>	<b>267.79</b>

#### As at 31 March 2020

(₹ in crore)

Particulars	USD	EURO	DZD	BDT	LKR	MYR	ZAR	Total
<b>Assets</b>								
Trade Receivables	27.34	0.32	21.37	-	-	1.68	-	<b>50.71</b>
Cash & Bank Balances	44.23	60.42	74.19	-	13.30	24.64	15.70	<b>232.48</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Particulars	USD	EURO	DZD	BDT	LKR	MYR	ZAR	Total
Advance to Contractors	1.51	-	0.70	24.42	-	-	-	<b>26.63</b>
Other Assets	109.21	-	71.24	112.63	0.93	0.61	15.81	<b>310.43</b>
<b>Total</b>	<b>182.29</b>	<b>60.74</b>	<b>167.50</b>	<b>137.05</b>	<b>14.23</b>	<b>26.93</b>	<b>31.51</b>	<b>620.25</b>
<b>Liabilities</b>								
Trade Payables	43.84	8.43	35.47	7.94	9.45	0.99	-	<b>106.12</b>
Advance from Client	78.48	-	-	-	-	0.26	-	<b>78.74</b>
Other Liabilities	10.40	1.45	49.71	-	0.96	1.96	45.53	<b>110.01</b>
<b>Total</b>	<b>132.72</b>	<b>9.88</b>	<b>85.18</b>	<b>7.94</b>	<b>10.41</b>	<b>3.21</b>	<b>45.53</b>	<b>294.87</b>

#### (ii) 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 Group is exposed to interest rate risk arising mainly from non-current borrowings with floating interest rates. The Group manages its interest risk in accordance with the group's policies and risk objective. In addition to borrowings, financial instruments affected by interest rate risk includes tax free bonds and 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 Group's customer profile include Ministry of Railways, Public Sector Enterprises, State Owned Companies in India and abroad. Accordingly, the Group's customer credit risk is low. The Group'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 Group 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 Group'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

(₹ in crore)

Particulars	As at 31st March 2021	As at 31st March 2020
<b>Financial Assets for which allowance is measured using Lifetime Expected Credit Losses (LECL)</b>		
Non Current Investments	291.46	291.45
Non Current Loans	0.48	39.33
Other Non Current Financial Assets	16.02	25.55
Current Investments	-	-
Cash and Cash Equivalents	414.20	512.87
Other Bank Balances	3,032.24	2,159.74
Current Loans	0.95	1.62
Other Current Financial Assets	295.32	348.14
<b>Financial Assets for which allowance is measured using Simplified Approach</b>		
Trade Receivables	651.25	578.37
Contract Assets	1,878.72	1,461.74



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Summary of change in loss allowances measured using Simplified approach

Particulars	31-Mar-21	31-Mar-20
<b>Opening Allowances</b>	<b>38.85</b>	<b>39.01</b>
Provided during the year	-	-
Utilization during the year	-	-
Amount written-off	(9.22)	(0.16)
<b>Closing Allowances</b>	<b>29.63</b>	<b>38.85</b>

During the year, the Group has recognised loss allowance of ₹ Nil (31 March, 2020 : ₹ Nil).

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

Particulars	31-Mar-21	31-Mar-20
<b>Opening Allowances</b>	<b>6.40</b>	<b>0.47</b>
Provided during the year	-	5.94
Utilization during the year	-	(0.01)
Amount written-off	(0.09)	-
(Exchange Gain) / Loss	-	-
<b>Closing Allowances</b>	<b>6.31</b>	<b>6.40</b>

No significant changes in estimation techniques or assumptions were made during the reporting period. During the year, the Group has recognised loss allowance of ₹ Nil (31 March, 2020 : ₹ 5.94 crore).

#### c) Liquidity risk

The Group 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 Group's investment policy and strategy are focused on preservation of capital and supporting the Group's liquidity requirements. The senior Management of the Group oversees its investment strategy and achieve its investment objectives. The Group typically invests in government of India debt bonds and mutual funds. The policy requires investments generally to be investment grade, with the primary objective of minimising the potential risk of principal loss.

The NHAI bonds bear a fixed rate of interest thus they are not affected by the change in bond yield rates and the mutual funds are highly liquid assets which are paid out monthly and re-invested.

The table below provides details regarding the significant financial liabilities as at 31 March 2021 and 31 March 2020

(₹ in crore)

Particulars	As at 31 March, 2021		
	Less than 1 Year	1-2 years	2 Years and above
Borrowings	18.84	18.84	293.25
Trade payables	758.02	-	-
Other financial liabilities	2,424.49	283.10	-

(₹ in crore)

Particulars	As at 31 March, 2020		
	Less than 1 Year	1-2 years	2 Years and above
Borrowings	-	-	-
Trade payables	589.19	-	-
Other financial liabilities	2,114.24	400.75	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 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 Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group'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.

(₹ in crore)

Particulars	For the year ended	
	31-Mar-21	31-Mar-20
Revenue from top 5 Projects	2,758.23	2,975.30

#### C. Capital Management

The Group objective to manage its capital in a manner to ensure and safeguard their ability to continue as a going concern so that the Group can continue to provide maximum returns to shareholders and benefit to other stakeholders. The Board of Directors also monitors the level of dividends to equity shareholders in line with the dividend distribution policy of the Group. The Group has paid dividend as per the guidelines issued by Department of Investment and Public Asset Management (DIPAM) as follows :-

(₹ in crore)

Particulars	31-Mar-21	31-Mar-20
Dividend Paid	158.00	228.31
<b>Total</b>	<b>158.00</b>	<b>228.31</b>

On 30th June, 2021, the Board of Directors has recommended the final dividend of ₹ 1.32 per equity share on face value of ₹ 2/- per equity share for the year ended March 31, 2021 subject to the approval of shareholders at the AGM. This is in addition to Interim Dividend paid @ ₹ 1.30 per equity share on face value of ₹ 2/- per equity share

In its subsequent meeting, the Board of Directors has revised the final dividend for FY 2020-21 to ₹ 1.70 per equity share on face value of ₹ 2/- per share, accordingly the total dividend payable is ₹ 159.89 Crore.

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

Unsecured Loan raised by the Group from IRFC in the financial year 2017-18 which in turn has been given to RLDA will be repaid from the amount received from RLDA.

The Group monitors capital, on the basis of a number of financial ratios generally used by industry and by the rating agencies. The Group monitors capital using debt equity ratio which is debt divided by total equity. Debt comprises of non-current and current maturities of long term debt. The debt equity ratio at the end of the reporting period was as follows:

(₹ in crore)

Particulars	31-Mar-21	31-Mar-20
Borrowings (Note No. 20.1)	312.09	-
Current Maturities of Long term Debt (Note No. 23.2)	18.84	-
<b>Debt</b>	<b>330.93</b>	<b>-</b>
Equity (Note No. 18)	94.05	94.05
Other Equity (Note No. 19)	4,309.08	4,077.23
<b>Total Equity</b>	<b>4,403.13</b>	<b>4,171.28</b>
<b>Debt Equity Ratio</b>	<b>0.08</b>	<b>-</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

**34.** a) The consolidated financial statements are prepared in accordance with the requirement of section 129(3) of the Companies Act, 2013 and rules made there under as applicable from the financial year starting from 1st April, 2015. Accordingly, the company (also referred to as holding company), its subsidiaries and joint venture (jointly referred to as the 'Group') considered in the consolidated financial statements are as follows:

S.No.	Name of Subsidiary/Joint Ventures	Country of Origin	% age Share	
			31.03.2021	31.03.2020
	<b>Subsidiaries</b>			
1	Ircon Infrastructure and Services Limited	India	100.00%	100.00%
2	Ircon PB Tollway Limited	India	100.00%	100.00%
3	Ircon Shivpuri Guna Tollway Limited	India	100.00%	100.00%
4	Ircon Davanagere Haveri Highway Limited	India	100.00%	100.00%
5	Ircon Vadodara Kim Expressway Limited	India	100.00%	100.00%
6	Ircon Gurgaon Rewari Highway Limited	India	100.00%	100.00%
	<b>Joint Venture Companies</b>			
1	Ircon-Soma Tollway Private Limited	India	50.00%	50.00%
2	Chhattisgarh East Railway Limited	India	26.00%	26.00%
3	Chhattisgarh East-West Railway Limited	India	26.00%	26.00%
4	Mahanadi Coal Railway Limited	India	26.00%	26.00%
5	Jharkhand Central Railway Limited	India	26.00%	26.00%
6	Baster Railway Private Limited	India	26.00%	26.00%
7	Indian Railway Station Development Corporation Limited	India	26.00%	50.00%

- b) The financial statements of the entities used for the purpose of consolidation have the same reporting date as that of the Company.
- c) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company's separate financial statements. The differences in accounting policies, if any, of the Holding Company and its Joint Ventures are not material.

### 35.

- (a) Certain reclassifications have been made to the comparative period's financial statements to enhance comparability with the current year's financial statements. These reclassifications have no effect on the reported results of operations.
- (b) Previous year figures are shown under bracket () to differentiate from current year figures.

## 36. Employee Benefits

Disclosures in compliance with Ind AS 19 "Employee Benefits" are as under:

### (i) Defined Contribution Plans – General Description

#### Pension

The Holding Company has implemented IRCON Defined Contribution Superannuation Pension Scheme, 2009 i.e. April 01, 2009, for all regular employees drawing pay in IDA scale irrespective of their length of service except for those employees who joined before January 01, 2017 but would superannuate/resign after January 01, 2017, before completing 15 years of service, in such case Employer contribution towards pension would be effective from January 01, 2017 only. The scheme is managed by a Separate Trust formed in the year 2015-16 for this purpose and approved by the Income Tax Authorities. Holding Company's share of contribution amounting to ₹ 9.02 crore (₹ 8.97 Crore) for the period from April 01, 2020 to March 31, 2021 has been paid and accounted for during the period 2020-21.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### (ii) Defined Benefit Plans – General Description

#### Provident fund

The Holding Company pays fixed contribution of Provident Fund at a pre-determined rate to a Separate trust (IRCON Contributory Provident Fund Trust), which invests the funds in permitted securities. The trust is required to pay a minimum rate of interest on contribution to the members of the trust. The trust is approved by the Income Tax Authorities. The amount available in the fund including the returns on investment is greater than the obligation of the company. During the period, the Company has contributed ₹ 13.14 crore (₹ 12.36 crore) to the trust.

#### Gratuity

The Holding Company has implemented IRCON Employees Group Gratuity Scheme to provide financial assistance to the employees of the Company as a social security measure on the termination of their employment due to superannuation, retirement, resignation, physical incapacitation or death. The scheme is managed by a Separate Trust formed in the year 2015-16 for this purpose and approved by the Income Tax Authorities. Funds of the Trust are managed by LIC of India. As at March 31, 2021 a liability of ₹ 4.76 crore (₹ 3.35 crore) has been booked in the books of accounts based on the actuarial valuation.

#### Post retirement medical facility (PRMF)

The Holding Company had established an irrevocable trust by initial one-time contribution of ₹ 12.00 crore during the year 2000-01 for providing annuity, medical and other benefits to the spouse of employees who die in harness as also the medical benefits to the employees (and spouse) who superannuate from the Company. This being a voluntary welfare measure, the Holding Company is not liable for providing such benefits to its employees. However, Holding Company has also kept provision of ₹ 4.72 crore (₹ 10.45 crore), based on the decision of management.

#### Other Retirement benefits

##### General Description

Other retirement benefits include settlement at home-town or to the place where he or his family intends to settle in India including Baggage Allowance. The liability on this account is recognized on the basis of actuarial valuation.

The summarised position of various employee benefits recognised in the statement of profit and loss and balance sheet as on March 31, 2021 is as under:

#### i) Changes in the present value of the defined benefit obligation are during

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Defined benefit obligation at the beginning of the period	380.23	341.76	85.75	83.73	110.96	101.20	1.28	1.28
Current service cost	43.56	43.39	3.97	4.13	3.98	3.57	0.07	0.07
Past service cost	-	-	-	-	-	-	-	-
Interest cost	31.97	29.60	5.93	6.28	7.68	7.59	0.09	0.10
Benefits paid	(46.92)	(36.32)	(15.90)	(7.31)	(3.05)	(2.95)	(0.03)	(0.07)
Actuarial (gain) / loss on obligations	0.40	1.80	0.42	(1.09)	9.16	1.56	(0.13)	(0.09)
<b>Defined benefit obligation at the end of the period</b>	<b>409.24</b>	<b>380.23</b>	<b>80.16</b>	<b>85.75</b>	<b>128.73</b>	<b>110.96</b>	<b>1.27</b>	<b>1.28</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### ii) Changes in fair value of plan assets

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
<b>Fair value of plan assets at the beginning of the period</b>	<b>380.48</b>	<b>345.51</b>	<b>82.39</b>	<b>79.69</b>	<b>91.07</b>	<b>83.52</b>	-	-
Contribution by employer & employee	43.56	43.39	3.32	4.01	10.45	4.49	-	-
Benefits paid	(46.92)	(36.32)	(15.90)	(7.31)	(3.05)	(2.95)	-	-
Interest income	33.51	27.89	5.94	6.35	6.00	6.01	-	-
Return on plan asset excluding interest income	-	-	-	-	-	-	-	-
LIC mortality charges	-	-	(0.35)	(0.36)	-	-	-	-
<b>Fair value of plan assets at the end of the period</b>	<b>410.63</b>	<b>380.48</b>	<b>75.39</b>	<b>82.39</b>	<b>104.47</b>	<b>91.07</b>	-	-

### iii) Reconciliation of fair value of plan assets and defined benefit obligation:

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets	410.63	380.48	75.39	82.39	104.47	91.07	-	-
Defined benefit obligation	409.24	380.23	80.16	85.75	128.73	110.96	1.27	1.28
<b>Amount recognised in the Balance Sheet</b>	<b>1.39</b>	<b>0.25</b>	<b>(4.77)</b>	<b>(3.36)</b>	<b>(24.26)</b>	<b>(19.90)</b>	<b>(1.27)</b>	<b>(1.28)</b>

### iv) Amount recognised in Statement of profit and loss

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Current service cost	13.13	12.43	3.97	4.13	3.98	3.57	0.07	0.07
Past service cost	-	-	-	-	-	-	-	-
Net interest expense	-	-	0.23	0.31	1.38	1.33	0.09	0.10
<b>Amount recognised in statement of Profit and Loss</b>	<b>13.13</b>	<b>12.43</b>	<b>4.20</b>	<b>4.44</b>	<b>5.36</b>	<b>4.89</b>	<b>0.16</b>	<b>0.16</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### v) Amount recognised in Other Comprehensive Income:

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Actuarial changes arising from changes in demographic assumptions	-	-	-	0.03	-	0.06	-	0.00
Actuarial changes arising from changes in financial assumptions	(0.02)	(0.03)	(1.83)	(1.74)	(4.11)	(5.33)	(0.04)	(0.02)
Experience adjustments	(0.38)	(1.77)	1.42	2.80	(5.05)	3.72	0.18	0.11
Return on Plan Assets excluding Interest Income	1.54	(1.71)	(0.12)	0.02	(0.29)	(0.26)	-	-
<b>Amount recognised in Other Comprehensive Income</b>	<b>1.14</b>	<b>(3.51)</b>	<b>(0.53)</b>	<b>1.11</b>	<b>(9.45)**</b>	<b>(1.81)</b>	<b>0.13</b>	<b>0.09</b>

\*\* The unrecognized actuarial gain/loss (OCI) of ₹ (9.45) crore (₹ 1.81 crore) in respect of liability towards Post-Retirement Medical Benefits (PRMB). Since the liability in respect of PRMB has not been provided as per Actuarial valuation and has been restricted as per DPE guidelines, therefore, the OCI in respect of PRMB, as per Actuarial valuation, has not been considered.

#### vi) The major categories of plan assets of the fair value of the total plan assets are as follows:

(₹ in crore)

Particulars	Provident Fund		Gratuity		Post retirement medical benefit plan		Other retirement benefit	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
Government of India securities	59.67%	60.17%	-	-	9.52%	9.52%	-	-
State Government securities	-	-	-	-	30.86%	30.86%	-	-
Central & State Guaranteed Bonds	-	-	-	-	18.73%	18.73%	-	-
High quality corporate bonds	38.04%	36.17%	-	-	23.40%	23.40%	-	-
PSU Bond	-	-	-	-	7.35%	7.35%	-	-
PSU Basel III Tier I Bonds	-	-	-	-	8.25%	8.25%	-	-
Debt Mutual Fund	0.77%	0.29%	-	-	-	-	-	-
ETF/INDEX/Equity Mutual Fund	1.52%	3.37%	-	-	1.89%	1.89%	-	-
Fund Managed by Insurer	-	-	100.00%	100.00%	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

vii) The principal assumptions used in determining PF/ gratuity/PRMB/Retirement Allowance liability for the Company's plans are shown below:

(₹ in crore)

Particulars	PF For the year ended 31st March, 2021	PF For the year ended 31st March, 2020	Gratuity For the year ended 31st March, 2021	Gratuity For the year ended 31st March, 2020	PRMB For the year ended 31st March, 2021	PRMB For the year ended 31st March, 2020	Retirement Allowance For the year ended 31st March, 2021	Retirement Allowance For the year ended 31st March, 2020
Discount rate	6.54%	6.92%	6.54%	6.92%	6.54%	6.92%	6.54%	6.92%
Future salary increase	8.50%	8.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Mortality rate	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)	100% IALM (2012-14)

viii) Quantitative sensitivity analysis for significant assumption shown above is as shown below:

(₹ in crore)

Gratuity Plan	PF Plan (Impact on DBO)		Gratuity Plan (Impact on DBO)		PRMB (Impact on DBO)		Retirement Allowance (Impact on DBO)	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
<b>Present value of obligation at the end of period</b>	<b>409.24</b>	<b>380.23</b>	<b>80.16</b>	<b>85.75</b>	<b>128.73</b>	<b>110.96</b>	<b>1.27</b>	<b>1.28</b>
Discount rate	6.54%	6.92%	6.54%	6.92%	6.54%	6.92%	6.54%	6.92%
Increase by 0.50%	(0.02)	(0.03)	(2.40)	(2.40)	(4.86)	(4.19)	(0.05)	(0.05)
Decrease by 0.50%	0.03	0.03	2.57	2.56	5.24	4.51	0.05	0.05
Future salary increases	8.50%	8.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Increase by 0.50%	-	-	1.11	1.10	-	-	0.05	0.05
Decrease by 0.50%	-	-	1.14	(1.13)	-	-	(0.05)	(0.05)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions shown above occurring at the end of the reporting period.

Sensitivities due to mortality and withdrawals are insignificant and hence ignored.

Sensitivities as to rate of inflation, rate of increase of pensions in payments, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

#### ix) Expected contribution for next annual reporting period

The expected contribution to the defined benefit plan for next annual reporting period is ₹ 26.73 crore

#### x) Maturity profile of defined benefit obligation is as under

(₹ in crore)

Duration of defined benefit obligation duration (years)	Provident Fund	Gratuity	Post retirement medical benefit plan	Retirement Allowance
1	103.60	12.00	3.62	0.16
2	122.12	10.60	16.59	0.16
3		8.60	6.92	0.14
4		7.82	6.99	0.13
5		7.69	6.40	0.13
6	183.52	4.35	3.72	0.07
6 year onward		29.10	60.72	0.48
<b>Total</b>	<b>409.24</b>	<b>80.16</b>	<b>104.97</b>	<b>1.27</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Risk analysis

Group is exposed to a number of risks in the defined benefit plan. Most significant risks pertaining to defined benefits plan, and management's estimation of the impact of these risks are as follows:

#### Interest risk

A decrease in the interest rate on plan assets will increase the plan liability.

#### Longevity risk/ Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

#### Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

### 37. Related Party Transactions

Disclosures in compliance with Ind AS 24 "Related Party Disclosures" are as under:

#### a) List of Related Parties

##### (i) Subsidiary Companies

Ircon Infrastructure and Services Limited  
 Ircon PB Tollway Limited  
 Ircon Shivpuri Guna Tollway Limited  
 Ircon Davanagere Haveri Highway Limited  
 Ircon Vadodara Kim Expressway Limited  
 Ircon Gurgaon Rewari Highway Limited, incorporated on 24th December 2020

##### (ii) Joint Venture Companies

Ircon-Soma Tollway Private Limited  
 Chhattisgarh East Railway Limited  
 Chhattisgarh East-West Railway Limited  
 Mahanadi Coal Railway Limited  
 Jharkhand Central Railway Limited  
 Baster Railway Private Limited  
 Indian Railway Station Development Corporation Limited

##### (iii) Unincorporated Joint Ventures (Joint Operations)

Joint Operations in Operation  
 Express Freight Consortium  
 Express Freight Railway Consortium

##### Completed Joint Operations

International Metro Civil Contractor  
 Metro Tunnelling Group  
 IRCON-AFCONS

##### Financially Closed Joint Operations

Ircon-COBRA-ELIOP  
 Ircon- Sree Bhawani Builders  
 Ircon-SMJ Project JV  
 Ircon-GANNON Dunkerly  
 Ircon-RCS-PFLEIDERER  
 IRCON-SPSCPL  
 RICON

#### (iv) (A) Key Management Personnel (KMP)

##### Whole Time Directors

Name	Designation
Shri S.K. Chaudhary*	CMD & Chief Executing Officer (CEO)
Shri M.K. Singh**	Director (Finance) & Chief Financial Officer (CFO)
Shri Yogesh Kumar Misra	Director (Works)
Shri S.L Gupta	Director (Projects)

\* Ceased to be CMD w.e.f. 30.04.2021

\*\* Holding additional charge of the post of CMD w.e.f. 01.05.2021, CEO w.e.f 11.06.2021 and Shri Surajit Dutta, CGM/Fin/HQ is holding additional charge of the post of CFO w.e.f 11.06.2021.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Company Secretary

Name	Designation
Ms. Ritu Arora	Company Secretary

#### Other Directors

##### Government Nominee Part-Time (Official) Directors

Name	Designation
Shri Dhananjaya Singh	Part-Time (Official) Director

#### (v) Post Employment Benefit Plans

- Ircon Gratuity Trust
- Ircon Employees Contributory PF Trust
- Ircon Medical Trust
- Ircon Defind Contribution Superannuation Pension Scheme, 2009 Trust

#### (vi) Government Related Entities:

The Holding Company is a Central Public Sector Enterprise (CPSE) under the Ministry of Railways. The Holding Company is controlled by Government of India (GOI), by holding **73.18%** of equity shares in the name of President of India as at 31st March, 2021. Pursuant to Para 25 and 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. Transactions with these parties are carried out at market terms at arm length basis. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements.

The Group has significant transaction with the following government related entities:

Name of the Entity	Relationship
Ministry of Railways	Controlling Entity
Rail Land Development Authority	Statutory Authority under Ministry of Railways
Indian Railway Finance Corporation	Railway PSU

#### b. Transactions with Key Management Personnel (KMP)/Other Directors are as follows:

(₹ in crore)

S. No.	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
1	Short term employment benefits (i)	3.00	3.27
2	Other long-term employment benefits	0.30	0.58
3	Sitting fees	0.10	0.20
	<b>Total</b>	<b>3.40</b>	<b>4.05</b>

#### Note:

- (i) Figures of FY 2020-21 include PRP of ₹ 0.73 crore paid during the year for FY 2019-20 on provisional basis ( FY 2019-20 include PRP of ₹ 1.02 crore paid during the year for FY 2017-18 & FY 2018-19 on provisional basis ).
- (ii) Recovery as applicable has been made from Directors who have been provided with Company accommodation and car.

#### Transactions with other related parties are as follows:

(₹ in crore)

S. No.	Nature of transaction	Name of related party	Nature of relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
1	Sale of goods and services Contract Revenue	Chhattisgarh East Railway Limited	Joint Venture Companies	215.68	332.19
1.1		Chhattisgarh East-West Railway Limited	Joint Venture Companies	23.73	21.70
		Mahanadi Coal Railway Limited	Joint Venture Companies	40.28	21.75
		Jharkhand Central Railway Limited	Joint Venture Companies	4.06	9.49

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For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
1.2	Rent Income	Baster Railway Private Limited	Joint Venture Companies	1.75	21.19
		Express Freight Consortium	Joint Operations	564.19	355.86
		Express Freight Railway Consortium	Joint Operations	5.81	2.34
		Ministry of Railways	Government Related Entities	2,766.46	3,072.95
		Ircon-Soma Tollway Private Limited	Joint Venture Companies	0.03	0.03
		Rail Land Development Authority	Government Related Entities	0.04	-
2	Purchase of goods and services				
3	Reimbursement of Deputation Staff Expenses, Rent & Other Misc. Expenses (Income)	Ircon-Soma Tollway Private Limited	Joint Venture Companies	-	0.02
		Chhattisgarh East Railway Limited	Joint Venture Companies	0.67	0.59
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.43	0.35
		Baster Railway Private Limited	Joint Venture Companies	0.27	-
		Indian Railway Station Development Corporation Limited	Joint Venture Companies	0.22	0.84
4	Interest Income				
4.1	Interest Income on loans	Chhattisgarh East-West Railway Limited	Joint Venture Companies	1.81	3.61
4.2	Interest Income on Advances	Ministry of Railways	Government Related Entities	72.19	114.12
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.06	0.26
		Rail Land Development Authority	Government Related Entities	165.32	220.97
4.3	Interest Income on Bonds	Indian Railway Finance Corporation Limited	Government Related Entities	17.11	22.10
4.4	Dividend Income	Ircon-Soma Tollway Private Limited	Joint Venture Companies	17.00	-
5	Dividend				
5.1	Dividend distribution	Ministry of Railways	Government Related Entities	140.89	203.61
5.2	Dividend Income Passed on	Ministry of Railways	Government Related Entities	-	2.15
5.3	Profit on Sale of Investment Passed on	Ministry of Railways	Government Related Entities	0.21	-
6	Interest Expense				
6.1	Interest Expense on Advance			-	-
6.2	Interest Expense on Loan	Indian Railway Finance Corporation Limited	Government Related Entities	164.81	220.35
7	Investment in Equity Shares	Chhattisgarh East Railway Limited	Joint Venture Companies	20.00	-
		Indian Railway Station Development Corporation Limited	Joint Venture Companies	12.00	14.20
8	Interest Free Loan (Deemed Equity)	Jharkhand Central Railway Limited	Joint Venture Companies	-	50.00
9	Recovery of Loans	Chhattisgarh East-West Railway Limited	Joint Venture Companies	39.00	-
10	Recovery of Advances	Rail Land Development Authority	Government Related Entities	615.31	615.30
11	Repayment of Loans	Indian Railway Finance Corporation Limited	Government Related Entities	615.31	615.30
12	Advances Received	Chhattisgarh East Railway Limited	Joint Venture Companies	3.07	3.67
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	36.39	9.17
		Mahanadi Coal Railway Limited	Joint Venture Companies	-	0.98
		Baster Railway Private Limited	Joint Venture Companies	-	0.26
		Ministry of Railways	Government Related Entities	2,700.26	1,538.70

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	For the year ended 31st March 2021	For the year ended 31st March 2020
13	Repayment of Advances	Chhattisgarh East Railway Limited	Joint Venture Companies	15.19	-
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	9.34	-
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.98	-
		Baster Railway Private Limited	Joint Venture Companies	0.26	-
		Ministry of Railways	Government Related Entities	2496.10	1,523.58
14	Post Employment Benefit Plans				
14.1	Contribution made during the year	Ircon Gratuity Trust	Post Employment Benefit Plans	3.30	4.01
		Ircon Employees Contributory PF Trust	Post Employment Benefit Plans	40.12	43.39
		Ircon Medical Trust	Post Employment Benefit Plans	10.45	4.49
		Ircon Defind Contribution Superannuation Pension Scheme, 2009 Trust	Post Employment Benefit Plans	9.02	8.97
14.2	Reimbursements made during the year	Ircon Gratuity Trust	Post Employment Benefit Plans	13.57	5.79

**Note:**

- (i) Refer Note 40 for guarantees and other commitments with subsidiary companies, joint venture companies and joint operations.
- (ii) Purchases are heterogeneous in nature, thus immaterial. Hence not disclosed

**c) Outstanding balances with the related parties are as follows:**

(₹ in crore)

S. No.	Nature of transaction	Name of related party	Nature of relationship	As at 31st March, 2021	As at 31st March, 2020
1	Equity Investments	Ircon-Soma Tollway Private Limited	Joint Venture Companies	64.15	64.15
		Chhattisgarh East Railway Limited	Joint Venture Companies	142.58	122.58
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	131.17	131.17
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.01	0.01
		Jharkhand Central Railway Limited	Joint Venture Companies	63.00	63.00
		Baster Railway Private Limited	Joint Venture Companies	76.34	76.34
		Indian Railway Station Development Corporation Limited	Joint Venture Companies	52.00	40.00
2	Investment in Bonds	Indian Railway Finance Corporation Limited	Government Related Entities	221.47	221.47
3	Amount Recoverable towards loans granted	Chhattisgarh East-West Railway Limited	Joint Venture Companies	-	39.00
4	Amount recoverable other than loans				
4.1	Trade Receivables	Ircon-Soma Tollway Private Limited	Joint Venture Companies	0.06	0.06
		Chhattisgarh East Railway Limited	Joint Venture Companies	46.94	34.40
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	23.37	8.23
		Mahanadi Coal Railway Limited	Joint Venture Companies	4.75	-
		Baster Railway Private Limited	Joint Venture Companies	6.65	16.64
		Express Freight Railway Consortium	Joint Operations	137.82	134.72
		Express Freight Consortium	Joint Operations	4.42	1.42
Ministry of Railways	Government Related Entities	34.77	19.29		

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	As at 31st March, 2021	As at 31st March, 2020
<b>4.2</b>	<b>Contract Assets</b>				
<b>(a)</b>	<b>Billable Revenue/ Receivable not due and CWIP at Realisable Value</b>	Chhattisgarh East Railway Limited	Joint Venture Companies	19.53	26.68
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	4.80	21.41
		Mahanadi Coal Railway Limited	Joint Venture Companies	0.38	-
		Baster Railway Private Limited	Joint Venture Companies	22.94	21.19
		Express Freight Consortium	Joint Operations	91.04	91.43
		Ministry of Railways	Government Related Entities	18.65	25.95
<b>(b)</b>	<b>Retention Money and Money Withheld</b>	Chhattisgarh East Railway Limited	Joint Venture Companies	2.16	-
		Mahanadi Coal Railway Limited	Joint Venture Companies	4.32	2.28
		Express Freight Consortium	Joint Operations	59.41	32.04
		Ministry of Railways	Government Related Entities	1.90	0.81
<b>4.3</b>	<b>Advance and Claims Recoverable</b>	Ircon-Soma Tollway Private Limited	Joint Venture Companies	0.02	0.02
		Chhattisgarh East Railway Limited	Joint Venture Companies	0.20	0.60
		Mahanadi Coal Railway Limited	Joint Venture Companies	1.83	1.40
		Baster Railway Private Limited	Joint Venture Companies	0.83	0.56
		Indian Railway Station Development Corporation Limited	Joint Venture Companies	0.96	0.99
		IRCON-AFCONS	Joint Operations	0.68	29.43
		Express Freight Consortium	Joint Operations	0.51	-
		International Metro Civil Contractor	Joint Operations	3.70	3.66
		Metro Tunnelling Group	Joint Operations	4.64	4.37
		Ministry of Railways	Government Related Entities	8.04	-
		Rail Land Development Authority	Government Related Entities	1,885.56	2,485.87
<b>4.4</b>	<b>Interest Accrued on loans</b>	Chhattisgarh East-West Railway Limited	Joint Venture Companies	9.35	8.15
<b>4.5</b>	<b>Interest Accrued on advances</b>	Rail Land Development Authority	Government Related Entities	160.72	212.85
<b>4.6</b>	<b>Interest Accrued on bonds</b>	Indian Railway Finance Corporation Limited	Government Related Entities	12.91	17.86
<b>4.7</b>	<b>Recoverables from Trusts</b>	Ircon Gratuity Trust	Post Employment Benefit Plans	3.65	5.8
<b>5</b>	<b>Borrowings</b>	Indian Railway Finance Corporation Limited	Government Related Entities	1845.92	2461.23
<b>6</b>	<b>Amount Payable towards</b>				
<b>6.1</b>	<b>Trade Payables</b>	Ministry of Railways	Government Related Entities	-	0.10
<b>6.2</b>	<b>Contract Liabilities (Advances and Advance Contract Receipts)</b>	Ministry of Railways	Government Related Entities	1499.52	1303.94
		Ircon-Soma Tollway Private Limited	Joint Venture Companies	44.55	44.55
		Chhattisgarh East Railway Limited	Joint Venture Companies	44.98	57.11
		Chhattisgarh East-West Railway Limited	Joint Venture Companies	57.35	30.35
		Mahanadi Coal Railway Limited	Joint Venture Companies	-	0.98
		Baster Railway Private Limited	Joint Venture Companies	-	0.26
		Express Freight Consortium	Joint Operations	48.33	148.61
		Rail Land Development Authority	Government Related Entities	10.00	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

S. No.	Nature of transaction	Name of related party	Nature of relationship	As at 31st March, 2021	As at 31st March, 2020
6.3	Other Payable to Client	Ministry of Railways	Government Related Entities	779.59	651.36
6.4	Interest Payable on Borrowings	Indian Railway Finance Corporation Limited	Government Related Entities	156.56	210.00
6.5	Interest Payable on Advances	Rail Land Development Authority	Government Related Entities	1.76	-
		Ministry of Railways	Government Related Entities	234.16	204.81
6.6	Payable to Trust	Ircon Gratuity Trust	Post Employment Benefit Plans	4.72	3.32

#### d) Terms and conditions of transactions with related parties

- Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- Outstanding balances of related parties at the year-end are unsecured and settlement occurs through banking transactions. These balances other than loans and interest bearing advances are interest free.
- The loans to key management personnel are on the same terms and conditions as applicable to all other employees.

## 38. 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 ₹)

Particulars	Note	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit attributable to Equity holders (₹ in crore)	(ii)	391.06	485.27
Weighted average number of equity shares for Basic and Diluted EPS*	(iii)	940,515,740	940,515,740
Earnings per share (Basic)		4.16	5.16
Earnings per share (Diluted)		4.16	5.16
Face value per share		2.00	2.00

\* The Board of Directors of IRCON in its 268th meeting held on 5th April, 2021 had approved the proposal for issuance of 47,02,57,870 fully paid-up Bonus Shares of ₹ 2/- each in the ratio of 1:1, (i.e. issue of 1 (one) equity share for every existing 1 (one) equity share with 21st May, 2021 as the Record Date for the purpose of ascertaining the eligibility of Shareholders. The Final Listing and Trading Approvals from NSE and BSE have been received on 31st May, 2021. Post Bonus, the Paid-up Share Capital of the Company is ₹ 188,10,31,480 divided into 94,05,15,740 equity shares of ₹ 2/- each.

#### (ii) Profit attributable to equity shareholders (used as numerator) (in ₹ crore)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit for the year as per Statement of Profit and Loss	391.06	485.27
Profit attributable to Equity holders of the Parent used for computing EPS:	391.06	485.27

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### (iii) Weighted average number of equity shares (used as denominator) (Nos.)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Opening balance of issued equity shares	9,40,51,574.00	9,40,51,574.00
Equity shares issued during the year	-	-
Increase in the Number of Share on account of Shares Split	37,62,06,296.00	37,62,06,296.00
Bonus share issued after the reporting date but before the financial statement are issued	47,02,57,870.00	47,02,57,870.00
<b>Weighted average number of equity shares for computing Basic EPS</b>	<b>94,05,15,740.00</b>	<b>94,05,15,740.00</b>
<b>Dilution Effect:</b>		
Add: Weighted average numbers of potential equity shares outstanding during the year	-	-
<b>Weighted average number of equity shares for computing Diluted EPS</b>	<b>94,05,15,740</b>	<b>94,05,15,740</b>

### 39. Impairment of Assets

During the year, Group has carried out assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realizable value and carrying cost in terms of Ind AS 36, "Impairment of Assets" notified under section 133 of the companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian accounting standards) Amendment Rules 2016. Accordingly, impairment loss of Nil (Nil) has been provided for."

### 40. Provisions, Contingencies and Commitments

#### (i) Provisions

The nature of provisions provided and movement in provisions during the year as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' are disclosed in Note 21.

#### (ii) Contingent Liabilities

Disclosure of Contingent Liabilities as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

(₹ in crore)

	Particulars	Foot Note	As at 31st March 2020	Addition during the year	Claims settled during the year			As at 31st March 2021
					Out of the opening balance	Out of addition during the year	Total Claims Settled during the year	
<b>a)</b>	<b>Claims against the Group not acknowledged as debts :</b>							
	Disputed Direct tax demands							
	(i) in respect of the Group	1	303.47	6.94	(2.35)	-	(2.35)	<b>308.06</b>
	(ii) in respect of the Joint Operations	2	0.24	-	-	-	-	<b>0.24</b>
	Disputed Indirect tax demands							
	(i) in respect of the Group	3	396.94	66.01	(206.36)	-	(206.36)	<b>256.59</b>
	(ii) in respect of the Joint Operations	4	4.25	-	-	-	-	<b>4.25</b>
	Legal Cases							
	(i) in respect of the Group	5	510.32	67.40	(103.00)	-	(103.00)	<b>474.72</b>
	(ii) in respect of the Joint Operations	6	0.02	-	-	-	-	<b>0.02</b>
	Claims by Employees	7	2.43	-	(0.05)	-	(0.05)	<b>2.38</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

	Particulars	Foot Note	As at 31st March 2020	Addition during the year	Claims settled during the year			As at 31st March 2021
					Out of the opening balance	Out of addition during the year	Total Claims Settled during the year	
b)	<b>Guarantees (excluding financial guarantees) issued by the Group on behalf of</b>							
	Joint Operations	8	1.40	-	(1.40)	-	(1.40)	-
c)	<b>Other money for which Group is contingent liable</b>							
	Liquidated damages pending disposal of application for extension of time by clients		9.27	-	-	-	-	<b>9.27</b>
			<b>1,228.34</b>	<b>140.35</b>	<b>(313.16)</b>	<b>-</b>	<b>(313.16)</b>	<b>1,055.53</b>

### Foot Note:

- The Income Tax Authority have raised demands on account of various disallowances pertaining to different assessment years. Many of these matters were adjudicated in favour of Company but are disputed before higher authorities by the concerned departments. The Company is contesting these demands, which are pending at various appellate levels. Based on the advice from the independent tax experts and the developments on the appeals, the management is confident that additional tax so demanded will not be sustained on completion of the appellate proceedings and accordingly, pending the decision by the appellate authorities, no provision has been made in these financial statements.
- In case of International Metro Tunnelling Group, a Joint Operation of the holding Company, income tax authorities during the assessment of FY 2010-11, 2012-13 & 2013-14 has raised demand amounting to **₹ 0.24 crore** (₹ 0.24 crore) on account of Income related to Excise Duty for the FY 2008-09 & 2011-12 declared in later years. The joint operation had filed appeals before the appropriate appellate authorities against these demands for said financial years. The holding Company is jointly liable for the said demands upto the share of interest in Joint operation. The decision is pending before the appellate authorities and therefore, no provision has been made in the financial statements.
- There are various disputes pending with authorities of excise, customs, service tax, sales tax, VAT etc. The group is contesting these demands raised by concerned authorities and are pending at various appellate authorities. Based on the grounds of appeal and advice of the independent legal experts, the management believes that there is reasonable strong likelihood of succeeding before the various authorities. Pending the final decisions on the above, no adjustment has been made in these financial statements. The above disputed indirect tax demands includes **₹ 169.18 crore** which has been reimbursable from clients.
- In case of International Metro Civil Contractor, a Joint Operation of the holding Company, there is disputed demand pending with the sales tax authorities amounting to **₹ 4.25 crore** (₹ 4.25 crore) on account of disallowance of labour expenses. The joint operation had filed appeals before the appropriate appellate authorities against the demand. The decision is pending before the appellate authorities and therefore, no provision has been made in the financial statements.
- The Group is a party to several legal suits on construction contract terms related disputes, pending before various courts and arbitration proceedings in India and abroad. Some of the contractors have lodged claims on the Group seeking enhancement of the contract price, revision of work schedule with price escalation, compensation for the extended period of work, idle charges etc. These claims are being contested by the Group as being not admissible in terms of provisions of the respected contracts. Against a total claim of **₹ 557.26 crore** (₹ 613.84 crore), provision of **₹ 82.54 crore** (₹ 103.52 crore) has been made and balance **₹ 474.72 crore** (₹ 510.32 crore) is shown as contingent liability. The Group has also made counter claims on the contractors admissible as per the terms of the contract of **₹ 134.94 crore** (₹ 137.11 crore). Interest on claims is not considered, being unascertainable.
- One of the contractor, M/s Sai Engineers has filed suit against International Metro Civil Contractor for an amount of **₹ 0.02 crore** (₹ 0.02 crore) for dispute on contract terms. The decision is pending before the appellate authorities and therefore, no provision has been made in the financial statements.
- There are some cases relating to employees/others are pending in the Courts against the Group in respect of which the liability is not ascertainable. However, some cases of **₹ 2.38 crore** (₹ 2.43 crore) which are relating to Ircon Infrastructure and Services Limited, one of the subsidiary company, relating to employees
- The Holding Company has given bank guarantee on behalf of its joint operation, Ircon-RCS-PFLEIDERER for an amount of **₹ Nil crore** (₹ 1.40 crore) for execution of Design and construction broad gauge ballastless track in Udampur-Katra section.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### (iii) Contingent Assets

Disclosure of Contingent Assets as per Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' is as under:

- Claims raised by Group on some of its clients and awarded by arbitrators in favour of Group against which clients have gone to court not accounted for as receivables are **₹ 395.43 crore** (₹ 419.46 crore) including interest calculated up to 31.03.2021 as per arbitration award.
- Counter Claims raised by Group on sub-contractors and awarded by arbitrators in favour of Group against which sub-contractors have gone to court, not accounted for as receivables are **₹ 24.12 crore** (₹ 22.81 crore).
- Insurance Claim of **USD 0.89 Mn** (USD 0.87 Mn) and **Ethiopian Bir 1.16 Mn** (1.10 Mn) equivalent to **₹ 6.74 crore** (₹ 6.80 crore) including interest calculated upto 31.03.2021 awarded by Honourable Supreme Court of Ethiopia in favour of Group has not been accounted for, pending execution order by High Court of Ethiopia.

#### (iv) Commitments

(₹ in crore)

	Particulars	Foot Note	As at 31st March 2021	As at 31st March 2020
<b>a)</b>	<b>Capital Commitments</b>			
	Estimated amount of contracts remaining to be executed on capital account (net of advance) and not provided for:	1	130.49	43.12
<b>b)</b>	<b>Other Commitments</b>			
(i)	Funding committed by way of equity and loans in Joint Venture Companies	2	80.41	61.70
(ii)	Other Commitments of Ircon Vadodara Kim Expressway Limited		393.35	798.67
(iii)	Other Commitments of Ircon PB Tollway Limited		-	2.77
(iv)	Other Commitments of Ircon Shivpuri Guna Tollway Limited		505.88	526.60
(v)	Other Commitments of Ircon Davangere Haveri Highway Limited		266.83	418.50
			<b>1,376.96</b>	<b>1,851.36</b>

#### Foot Note:

(₹ in crore)

1.	S. No	Capital Commitments	As at 31st March 2021	As at 31st March 2020
	1	Estimated amount of contracts remaining to be executed on Property, Plant and Equipment	-	2.01
	2	Estimated amount of contracts remaining to be executed on Investment Property	2.00	24.74
	3	Estimated amount of contracts remaining to be executed on Intangible Assets under development	128.49	16.37
	4	Estimated amount of contracts remaining to be executed on Financial Assets under construction	-	-
		<b>Total</b>	<b>130.49</b>	<b>43.12</b>

(₹ in crore)

2.	S. No	Name of the Joint Venture Company	As at 31st March 2021		As at 31st March 2020	
			Equity	Loans	Equity	Loans
	1	Chhattisgarh East Railway Limited	16.28	-	36.28	-
	2	Chhattisgarh East-West Railway Limited	62.83	-	0.13	-
	3	Mahanadi Coal Rail Limited	1.29	-	1.29	-
	4	Baster Railway Private Limited	0.01	-	0.01	-
	5	Jharkhand Central Railway Limited	-	-	-	-
	6	Indian Railway Station Development Corporation Limited	-	-	24.00	-
		<b>Total</b>	<b>80.41</b>	<b>-</b>	<b>61.70</b>	<b>-</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### 41. Segment Reporting

Disclosure as per Ind AS 108 " Operating Segment" is given as under:

##### A. General information

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 Group 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 Group has determined reportable operating segments from geographical perspective.

##### B. Information about reportable segments and reconciliation to amounts reflected in the financial statements:

(₹ in crore)

Particulars	International		Domestic		Total	
	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020	For the year ended 31st March 2021	For the year ended 31st March 2020
<b>Segment Revenue</b>						
Revenue from external customers	583.59	450.01	4,758.37	4,941.10	<b>5,341.96</b>	<b>5,391.11</b>
<b>Total Operating Revenue</b>	<b>583.59</b>	<b>450.01</b>	<b>4,758.37</b>	<b>4,941.10</b>	<b>5,341.96</b>	<b>5,391.11</b>
Interest income	2.92	5.34	132.82	95.99	<b>135.74</b>	<b>101.33</b>
Other Income	5.07	27.93	40.68	19.31	<b>45.75</b>	<b>47.24</b>
Inter – segment	-	-	-	-	-	-
<b>Total Revenue</b>	<b>591.58</b>	<b>483.28</b>	<b>4,931.87</b>	<b>5,056.40</b>	<b>5,523.45</b>	<b>5,539.68</b>
<b>Segment Result</b>						
Profit before provision, depreciation, interest and exceptional item and tax	40.64	204.23	640.75	580.00	<b>681.39</b>	<b>784.23</b>
Less: Provisions and write back	4.39	(7.02)	(18.53)	(34.07)	<b>(14.14)</b>	<b>(41.09)</b>
Less: Depreciation, amortization and impairment	(3.20)	(3.81)	(88.89)	(79.13)	<b>(92.09)</b>	<b>(82.94)</b>
Less: Interest	-	-	(12.50)	(18.65)	<b>(12.50)</b>	<b>(18.65)</b>
Add: Share of net profits of Joint Ventures accounted for using equity method	-	-	14.86	30.40	<b>14.86</b>	<b>30.40</b>
<b>Profit before tax</b>	<b>41.83</b>	<b>193.40</b>	<b>535.69</b>	<b>478.55</b>	<b>577.52</b>	<b>671.95</b>
Less: Tax expense	(31.82)	(28.45)	(154.64)	(158.23)	<b>(186.46)</b>	<b>(186.68)</b>
<b>Profit after tax</b>	<b>10.01</b>	<b>164.95</b>	<b>381.05</b>	<b>320.32</b>	<b>391.06</b>	<b>485.27</b>

##### C. Other Information

(₹ in crore)

Particulars	International		Domestic		Total	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
Total Assets	581.68	647.29	10,672.30	9,533.39	<b>11,253.98</b>	<b>10,180.68</b>
Total Liabilities	501.47	576.76	6,349.38	5,432.64	<b>6850.85</b>	<b>6009.40</b>
Investment in joint ventures accounted for by equity method	-	-	558.89	512.02	<b>558.89</b>	<b>512.02</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Particulars	International		Domestic		Total	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
Non current asset other than financial instruments, deferred tax assets, net defined benefit assets	25.15	29.47	1,957.63	2,111.49	<b>1,982.78</b>	<b>2,140.96</b>
Capital Expenditure for the year ending (Addition to PPE, CWIP, Investment Property, Other Intangible Assets, Intangible assets under development and Right-to-use)	0.07	0.23	34.99	162.43	<b>35.06</b>	<b>162.66</b>

#### D. Information about major customer

During the year ended March 31, 2021, Operating Revenue of approximately **54.69%** (55.51%) derived from a single external customer in Domestic Segment

#### 42. Disclosure of Interest in Other Entities

Disclosures in compliance with Ind AS 112 "Disclosure of Interest in Other Entities" are as under:

##### (a) Investment in Joint Operations

Investment in following joint operations is accounted at cost.

S. No.	Name of the Joint Operation	Principal Place of Business and Country of Incorporation	As at 31st March, 2021		As at 31st March, 2020	
			Proportion of direct ownership interest	Proportion of voting rights	Proportion of direct ownership interest	Proportion of voting rights
<b>i)</b>	<b>For projects in operation:</b>					
	Express Freight Consortium	Gujrat and Maharashtra, India	30.00	30.00	30.00	30.00
	Express Freight Railway Consortium	Maharashtra, India	30.00	30.00	30.00	30.00
<b>ii)</b>	<b>Completed Joint Operations</b>					
	International Metro Civil Contractor	Delhi NCR, India	9.50	9.50	9.50	9.50
	Metro Tunnelling Group	Delhi NCR, India	9.50	9.50	9.50	9.50
	IRCON-AFCONS	Bangladesh	53.00	53.00	53.00	53.00
<b>iii)</b>	<b>Financially Closed Joint Operations</b>					
	Ircon-COBRA-ELIOP	Delhi NCR, India	61.22	61.22	61.22	61.22
	Ircon- Sree Bhawani Builders	Chennai, India	24.21	24.21	24.21	24.21
	Ircon-SMJ Project JV	Tamilnadu, India	55.00	55.00	55.00	55.00
	Ircon-GANNON Dunkerly	Uttar Pradesh, India	55.70	55.70	55.70	55.70
	Ircon-RCS-PFLEIDERER	J&K, India	65.08	65.08	65.08	65.08
	IRCON-SPSCPL	J&K, India	50.00	50.00	50.00	50.00
	RICON	Delhi NCR, India	49.00	49.00	49.00	49.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### (b) Investment in Joint Venture Companies

S. No.	Name of the Joint Venture Company	Principal Place of Business and Country of Incorporation	As at 31st March, 2021		As at 31st March, 2020		Accounting Method
			Proportion of direct ownership interest	Proportion of voting rights	Proportion of direct ownership interest	Proportion of voting rights	
1	Ircon-Soma Tollway Private Limited	Maharashtra, India	50.00	50.00	50.00	50.00	Equity Method
2	Chhattisgarh East Railway Limited	Chhattisgarh, India	21.23	26.00	25.91	26.00	Equity Method
3	Chhattisgarh East-West Railway Limited	Chhattisgarh, India	26.02	26.00	26.02	26.00	Equity Method
4	Mahanadi Coal Railway Limited	Odisha, India	26.00	26.00	26.00	26.00	Equity Method
5	Jharkhand Central Railway Limited	Jharkhand, India	14.82	26.00	23.59	26.00	Equity Method
6	Baster Railway Private Limited	Chhattisgarh, India	26.00	26.00	26.00	26.00	Equity Method
7	Indian Railway Station Development Corporation Limited	New Delhi, India	26.00	26.00	50.00	50.00	Equity Method

### (c) Summarised Financial Interest in Joint Operations (to the extent of Company's share)

(₹ in crore)

S. No.	Particulars	Name of the Joint Operation									
		IRCON-AFCONS		Express freight consortium		International Metro Civil Contractor		Metro Tunnelling Group		Total	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
	<b>As at Year End:</b>										
1	<b>Assets</b>										
	PPE	-	-	-	-	-	-	-	-	-	-
	Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
	Other Assets	0.68	29.43	-	-	4.64	4.61	4.86	4.81	10.18	38.85
2	<b>Liabilities</b>										
	Provisions	-	0.18	-	-	0.03	0.04	0.14	0.37	0.17	0.59
	Other Liabilities	-	-	-	-	0.91	0.91	0.07	0.07	0.98	0.98
	<b>For the year end:</b>										
3	Total Income	0.10	-	2.75	-	0.07	0.09	0.24	0.31	3.16	0.40
4	Total Expenses	-	0.04	1.64	-	-	-	0.03	0.01	1.67	0.05
5	Total Taxes	18.40	-	0.60	-	0.03	0.04	(0.06)	0.13	18.97	0.17
6	Profit after tax	(18.30)	(0.04)	0.51	-	0.04	0.05	0.27	0.17	(17.48)	0.18
7	Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
8	Total Comprehensive Income	(18.30)	(0.04)	0.51	-	0.04	0.05	0.27	0.17	(17.48)	0.18

**Foot Note:** Contingent Liabilities relating to Joint Operations are disclosed in Note 40.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> March 2021

### (d) Summarised Balance Sheet of Joint Venture Companies

(₹ in crore)

S. No.	Particulars	Bastar Railway Private Limited		Chattisgarh East Railway Limited		Chattisgarh East West Railway Limited		Indian Railway Stations Development Corporation Ltd	
		As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
1	Non-Current Assets	251.72	250.83	2472.12	2109.48	932.98	662.55	183.67	92.72
2	Current Assets	50.06	60.50	254.26	261.08	101.17	33.17	174.52	128.72
	<b>Total Assets (A)</b>	<b>301.78</b>	<b>311.33</b>	<b>2,726.39</b>	<b>2,370.56</b>	<b>1,034.15</b>	<b>695.72</b>	<b>358.19</b>	<b>221.44</b>
3	Non-Current Liabilities	-	-	2,019.16	1,771.37	526.78	168.56	13.59	11.80
4	Current Liabilities	7.18	17.27	51.18	59.92	4.28	23.80	41.93	50.41
	<b>Total Liabilities (B)</b>	<b>7.18</b>	<b>17.27</b>	<b>2,070.34</b>	<b>1,831.29</b>	<b>531.06</b>	<b>192.36</b>	<b>55.52</b>	<b>62.21</b>
5	<b>Net Assets (A-B)</b>	<b>294.60</b>	<b>294.06</b>	<b>656.04</b>	<b>539.27</b>	<b>503.09</b>	<b>503.36</b>	<b>302.67</b>	<b>159.23</b>
	a) Includes Cash & Cash Equivalents	43.69	53.68	98.02	144.11	77.02	17.13	14.97	25.33
	b) Includes Financial Liabilities (excluding Trade payables and other payables and excluding provisions)	7.17	17.27	2,069.65	1,819.42	530.99	191.24	20.15	22.22

(₹ in crore)

S. No.	Particulars	Ircon – Soma Tollway Private Limited		Jharkhand Central Railway Limited		Mahanadi Coal Railway Limited	
		As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020	As at 31-3-2021	As at 31-3-2020
1	Non-Current Assets	291.12	349.32	252.88	177.25	121.43	71.23
2	Current Assets	377.68	360.26	29.57	66.28	0.80	0.56
	<b>Total Assets (A)</b>	<b>668.79</b>	<b>709.57</b>	<b>282.45</b>	<b>243.54</b>	<b>122.23</b>	<b>71.78</b>
3	Non-Current Liabilities	334.08	357.95	136.59	136.59	-	-
4	Current Liabilities	160.71	198.59	55.01	50.01	123.10	72.59
	<b>Total Liabilities (B)</b>	<b>494.79</b>	<b>556.54</b>	<b>191.59</b>	<b>186.60</b>	<b>123.10</b>	<b>72.59</b>
5	<b>Net Assets (A-B)</b>	<b>174.00</b>	<b>153.03</b>	<b>90.86</b>	<b>56.94</b>	<b>(0.87)</b>	<b>(0.81)</b>
	a) Includes Cash & Cash Equivalents	2.91	6.81	29.35	66.06	0.79	0.52
	b) Includes Financial Liabilities (excluding Trade payables and other payables and excluding provisions)	403.68	439.11	-	-	122.96	72.44

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### (f) Summarised Statement of Profit and Loss of Joint Venture Companies:

(₹ in crore)

S. No.	Particulars	Bastar Railways Private Limited		Chattisgarh East Railway Limited		Chattisgarh East West Railway Limited		Indian Railway Stations Development Corporation Ltd	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
1	Revenue	-	-	33.77	13.95	-	-	30.59	45.53
2	Interest Income	1.82	2.99	-	-	-	0.06	8.35	3.56
3	Other Income	-	-	-	-	-	-	0.40	0.46
	<b>Total Income</b>	<b>1.82</b>	<b>2.99</b>	<b>33.77</b>	<b>13.95</b>	<b>-</b>	<b>0.06</b>	<b>39.34</b>	<b>49.55</b>
4	Expenses on Operations	1.09	1.54	11.53	4.97	0.27	0.17	29.64	44.18
5	Depreciation and amortisation	-	-	0.65	0.19	-	-	1.89	0.69
6	Finance Cost	-	-	45.76	19.95	-	-	0.78	0.18
	<b>Total Expenses</b>	<b>1.09</b>	<b>1.54</b>	<b>57.94</b>	<b>25.11</b>	<b>0.27</b>	<b>0.17</b>	<b>32.30</b>	<b>45.05</b>
7	Income tax	0.19	0.26	(31.94)	11.33	-	-	1.77	1.22
8	<b>Profit for the year</b>	<b>0.54</b>	<b>1.19</b>	<b>7.77</b>	<b>(22.48)</b>	<b>(0.27)</b>	<b>(0.11)</b>	<b>4.61</b>	<b>4.79</b>
9	Other comprehensive income	-	-	-	-	-	-	-	0.01
10	<b>Total comprehensive income</b>	<b>0.54</b>	<b>1.19</b>	<b>7.77</b>	<b>(22.48)</b>	<b>(0.27)</b>	<b>(0.11)</b>	<b>4.61</b>	<b>4.80</b>

(₹ in crore)

S. No.	Particulars	Ircon – Soma Tollway Private Limited		Jharkhand Central Railway Limited		Mahanadi Coal Railway Limited	
		2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
1	Revenue	193.88	198.31	-	-	-	-
2	Interest Income	11.91	11.60	2.24	1.92	0.02	0.02
3	Other Income	2.44	2.29	-	-	-	-
	<b>Total Income</b>	<b>208.23</b>	<b>212.19</b>	<b>2.24</b>	<b>1.92</b>	<b>0.02</b>	<b>0.02</b>
4	Expenses on Operations	47.14	30.50	0.04	0.06	0.08	0.85
5	Depreciation and amortisation	58.39	58.54	-	0.01	-	-
6	Interest expense	42.12	43.83	0.04	0.09	-	-
	<b>Total Expenses</b>	<b>147.65</b>	<b>132.87</b>	<b>0.08</b>	<b>0.16</b>	<b>0.08</b>	<b>0.85</b>
7	Income tax	5.62	12.72	0.88	0.43	-	-
8	<b>Profit for the year</b>	<b>54.96</b>	<b>66.60</b>	<b>1.28</b>	<b>1.33</b>	<b>(0.06)</b>	<b>(0.83)</b>
9	Other comprehensive income	-	-	-	-	-	-
10	<b>Total comprehensive income</b>	<b>54.96</b>	<b>66.60</b>	<b>1.28</b>	<b>1.33</b>	<b>(0.06)</b>	<b>(0.83)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### (g) Reconciliation of carrying amounts of Joint Venture Companies

(₹ in crore)

Particulars	Bastar Railway Private Limited		Chattisgarh East Railway Limited		Chattisgarh East West Railway Limited		Indian Railway Stations Development Corporation Ltd	
	As at 31-03-2021	As at 31-3-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Opening net assets	294.06	292.87	539.27	440.28	503.37	503.48	156.51	77.29
Profit for the year	0.54	1.19	7.77	(22.48)	(0.27)	(0.11)	4.53	4.71
Increase in paid up share capital	-	-	109.00	32.00	-	-	60.00	14.20
Other Comprehensive Income	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Equity component of other financial instruments	-	-	-	-	-	-	78.85	0.34
Other Adjustment (Application Money Pending Allotment)/	-	-	-	89.47	-	-	-	60.00
Share issue Expenses	-	-	-	-	-	-	-	(0.03)
<b>Closing net assets</b>	<b>294.60</b>	<b>294.06</b>	<b>656.04</b>	<b>539.27</b>	<b>503.10</b>	<b>503.37</b>	<b>299.89</b>	<b>156.51</b>
<b>Group's share in %</b>								
(i) In Paid up Share Capital and Profit	26.00%	26.00%	21.23%	25.91%	26.02%	26.02%	26.00%	50.00%
(ii) In Share Application Money Pending Allotment	-	-	-	-	-	-	-	-
Group's share								
(i) In Paid up Share Capital and Profit	76.60	76.46	141.37	139.71	130.91	130.98	62.56	78.26
(ii) In Share Application Money Pending Allotment	-	-	-	-	-	-	-	(30.17)
Other Adjustments	-	-	(3.19)	(23.18)	-	-	-	-
<b>Carrying amount</b>	<b>76.60</b>	<b>76.46</b>	<b>138.18</b>	<b>116.53</b>	<b>130.91</b>	<b>130.98</b>	<b>62.56</b>	<b>48.09</b>

(₹ in crore)

Particulars	Ircon – Soma Tollway Private Limited		Jharkhand Central Railway Limited		Mahanadi Coal Railway Limited	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Opening net assets	153.04	86.44	56.95	55.50	(0.81)	0.02
Profit for the year	54.96	66.60	1.28	1.33	(0.06)	(0.83)
Increase in paid up share capital	-	-	32.63	-	-	-
Other Comprehensive Income	-	-	-	-	-	-
Dividends paid	(34.00)	-	-	-	-	-
Equity component of other financial instruments	-	-	-	-	-	-
Other Adjustment (Application Money Pending Allotment)	-	-	-	0.12	-	-
<b>Closing net assets</b>	<b>173.99</b>	<b>153.04</b>	<b>90.87</b>	<b>56.95</b>	<b>(0.87)</b>	<b>(0.81)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Particulars	Ircon – Soma Tollway Private Limited		Jharkhand Central Railway Limited		Mahanadi Coal Railway Limited	
	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020	As at 31-03-2021	As at 31-03-2020
Group's share in %						
(i) In Paid up Share Capital and Profit	50.00%	50.00%	14.82%	23.59%	26.00%	26.00%
(ii) In Share Application Money Pending Allotment	-	-	-	-	-	-
Group's share						
(i) In Paid up Share Capital and Profit	87.00	76.52	13.63	13.45	(0.23)	(0.21)
Equity component of other financial instruments	-	-	50.00	50.00	-	-
Other Adjustments	-	-	(0.03)	-	0.23	0.21
Carrying amount	<b>87.00</b>	<b>76.52</b>	<b>63.64</b>	<b>63.45</b>	-	-

### 43. Revenue

#### A. Disaggregation of Revenue

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

(₹ in crore)

Type of Product or Services	For the year ended March 31, 2021						
	Revenue as per Ind AS 115			Method for measuring performance obligation		Other Revenue	Total as per Statement of Profit and Loss /Segment Reporting
	Dosmestic	Foreign	Total	Input Method	Output Method		
Railways	3,634.83	578.02	<b>4,212.85</b>	4,207.39	5.46	2.35	<b>4,215.20</b>
Highway	921.22	1.46	<b>922.68</b>	922.68	-	-	<b>922.68</b>
Electrical	0.02	-	<b>0.02</b>	0.02	-	-	<b>0.02</b>
Building	166.30	-	<b>166.30</b>	166.30	-	1.66	<b>167.96</b>
Others	12.34	-	<b>12.34</b>	12.34	-	23.76	<b>36.10</b>
<b>Total</b>	<b>4,734.71</b>	<b>579.48</b>	<b>5,314.19</b>	<b>5,308.73</b>	<b>5.46</b>	<b>27.77</b>	<b>5,341.96</b>

Out of the total revenue recognised under Ind AS 115 during the year, ₹ 5,308.74 crore is recognised over a period of time and ₹ 5.46 crore recognised point in time.

(₹ in crore)

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 /Segment Reporting
	Dosmestic	Foreign	Total	Input Method	Output Method		
Railways	3,700.83	420.76	<b>4,121.59</b>	4,121.59	-	6.62	<b>4,128.21</b>
Highway	1,007.64	6.66	<b>1,014.30</b>	1,014.30	-	5.45	<b>1,019.75</b>
Electrical	17.69	7.37	<b>25.06</b>	25.06	-	-	<b>25.06</b>
Building	102.14	-	<b>102.14</b>	102.14	-	-	<b>102.14</b>
Others	79.97	-	<b>79.97</b>	79.97	-	35.98	<b>115.95</b>
<b>Total</b>	<b>4,908.27</b>	<b>434.79</b>	<b>5,343.06</b>	<b>5,343.06</b>	-	<b>48.05</b>	<b>5,391.11</b>

Out of the total revenue recognised under Ind AS 115 during the year, ₹ 5,343.06 crore is recognised over a period of time and ₹ Nil recognised point in time.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

- B. The Group 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

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade Receivables (Note 14.1)	630.77	551.19
Contract Assets (Note 10.3 and 14.5)	1,869.57	1,450.07
Contract Liabilities (Note 22 and 24)	<b>2,413.83</b>	<b>2,352.87</b>

- (i) Trade receivables are non-interest bearing and the customer profile include Ministry of Railways, Public Sector Enterprises, State Owned Companies in India and abroad. The Group'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 Group'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 Group 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

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contract asset at the Beginning of the year	1,450.07	720.40
Contract asset at the end of the year	1,869.57	1,450.07
<b>Net increase/decrease</b>	<b>419.50</b>	<b>729.67</b>

For the year 2020-21, there has been net increase by ₹ 419.50 crore as compared to last year is mainly due to realisation of contract assets on certification of works based on contract condition.

For the year 2019-20, there has been net increase by ₹ 729.67 crore 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.

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Contract liabilities at the beginning of the year	2,352.87	2,859.68
Contract liabilities at the end of the year	2,413.83	2,352.87
<b>Net increase/decrease</b>	<b>60.96</b>	<b>(506.81)</b>

For the year 2020-21 there has been net increase of ₹ 60.96 crore due to advance payment received from client against works executed during the year. For the year 2019-20, there has been net reduction of ₹ 506.81 crore 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:

(₹ in crore)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Amount included in contract liabilities at the beginning of the year	1,334.43	1,746.54

#### E. Cost to obtain the contract

Amount recognised as asset as at 31st March, 2021 is ₹ Nil (As at 31st March, 2020: ₹ Nil)

Amount of amortisation recognised in the tatement of profit and loss during the year is ₹ Nil (FY 2019-20: ₹ Nil)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### F. Performance obligation

Information about the Group'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:

(₹ in crore)

	As at 31st March, 2021	As at 31st March, 2020
Within one year	7,020.16	5,246.80
More than one year to 2 years	7375.00	6540.67
More than 2 years	21,689.00	21,213.00
<b>Total</b>	<b>36,084.16</b>	<b>33,000.47</b>

#### 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:

- 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
- 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 or

An intangible asset is recognized to the extent that the operator receives the right to charge users of the public service, provided that these charges are conditional on the degree to which the service is used.

These intangible 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 amortized over the term of the concession.

Group has recognized financial asset of ₹ **1,096.07 crore** ( ₹ 751.17 crore) under service concession agreement upto the period ended 31st March 2021 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 ₹ **680.81 crore** ( ₹ 1,012.11 crore) for the period upto 31st March 2021 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 2021.

Group has recognized revenue of ₹ **11.67 crore** ( ₹ 25.20 crore) on construction of intangible assets under service concession agreement. Group has recognised ₹ **Nil** ( ₹ Nil) as profit on construction of intangible assets under service concession arrangement. The revenue recognised in relation to construction of intangible assets under service concession arrangements represents the fair value of services provided towards construction of intangible assets under service concession arrangement. The group has recognised revenue of ₹ **153.62 crore** ( ₹ 139.37 crore) from operation of toll roads.

#### 44. Leases

##### a) Group as a Lessee

The Group as a lessee has entered into various lease contracts, which includes lease of land, office space, guest house and vehicles. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Group also has certain leases of offices and guest house with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Right of Use Assets

The carrying amounts of right-of-use assets recognised and the movements during the year are disclosed in Note 8.

#### Lease Liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year:

(₹ in crore)

Particulars	As at 31st March, 2021
<b>Balance at April 1, 2020</b>	0.17
Addition	-
Accretion of interest	0.01
Payments	(0.02)
<b>Balance at March 31, 2021</b>	<b>0.16</b>
<b>Current</b>	<b>0.01</b>
<b>Non-current</b>	<b>0.15</b>

#### Amounts recognised in Statement of Profit and Loss

(₹ in crore)

Particulars	For the Year ended 31st March, 2021
Depreciation expense of right-of-use assets (Refer Note 31)	0.37
Interest expense on lease liabilities (Refer Note 30)	0.01
Expense relating to short-term leases (Refer Note 28 (iii))	5.31
	<b>5.69</b>

The Group has several lease contracts that include extension and termination options. These options are negotiated by management and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Following are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

(₹ in crore)

Particulars	Within five years	More than five years	Total
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-

#### b) Group as a Lessor

The Group has given building, Plant & Machinery and MFCs under operating lease which are cancellable by giving appropriate notices as per respective agreements.

- (i) Lease in respect of sub-leasing of MFCs- ₹ 11.08 crore (₹ 16.65 crore). The one time down payment received/receivable from sub-lessee are recognised as income in the Statement of Profit & Loss on straight line basis over the lease term on pro rata basis.
- (ii) The Group has given buildings under operating lease. Lease income (rental and service charges) aggregating ₹ 8.15 crore (₹ 7.58 crore) has been recognized in the Statement of Profit and Loss as per lease arrangements.
- (iii) The Group has given Machinery under operating lease. Lease income aggregating ₹ 3.75 crore (₹ 16.66 crore) has been recognized in the Statement of Profit and Loss as per lease arrangement.
- (iv) The Group has given a demarcated area adjacent to the Toll Road, within the terms of the Service Concession Arrangement with NHAI, on Lease for a Petrol Pump to be operated by Hindustan Petroleum Company Limited ( HPCL ) and Lease and operations of Rest Area to Synergy Engineers Group Private Limited. An amount of ₹ 0.16 crore (₹ 0.16 crore) was received from HPCL and ₹ 0.16 crore (₹ 0.12 crore) from Synergy as Lease payments.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Future minimum rentals receivable under non-cancellable operating leases is as follows:

(₹ in crore)

	As at 31st March, 2021	As at 31st March, 2020
<b>Within one year</b>		
Demacrated Area	0.35	0.33
Multi Functional Complexes	17.20	17.93
<b>After one year but not more than five years</b>		
Demacrated Area	1.24	1.38
Multi Functional Complexes	76.33	76.64
<b>More than five years</b>		
Demacrated Area	2.62	2.83
Multi Functional Complexes	578.61	615.09

#### 45. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

(₹ in crore)

S. No.	Particulars	As at 31st March, 2021	As at 31st March, 2020
1	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:	-	-
	Principal amount due to micro and small enterprises	14.54	8.08
	Interest due on above	0.24	-
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	-	-

#### 46. Corporate Social Responsibility Expenses (CSR)

As per Section 135 of the Companies Act, 2013 read with guidelines issued by Department of Public Enterprises, GOI, the Group is required to spend, in every financial year, at least two percent of the average net profits of the Group made during the three immediately preceding financial years in accordance with its CSR Policy. The details of CSR expenses for the year are as under:

##### a) Amount required to be spent on CSR Activities

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Gross amount required to be spent by the Group during the year	10.59	10.14
Deposited and Claimed in earlier years, refunded *	0.15	-
	<b>10.74</b>	-

\* CSR expenditure (Note 28(iii)) of ₹ 10.60 crore is after netting off of the refund.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### b) Amount spent on CSR Activities

(₹ in crore)

Particulars	For the year ended 31st March 2021			For the year ended 31st March 2020		
	Paid in Cash	Yet to be Paid	Total	Paid in Cash	Yet to be Paid	Total
On Construction/acquisition of asset*	0.84	-	0.84	2.34		2.34
On purposes other than above	9.90	-	9.90	7.84		7.84
<b>Total</b>	<b>10.74</b>	<b>-</b>	<b>10.74</b>	<b>10.18</b>	<b>-</b>	<b>10.18</b>

\* Assets purchased and handed over to respective organisation and are not being held by the Group.

#### c) Balance amount to be spent on CSR Activities

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Gross amount required to be spent by the Group during the year (as per (a) above)	10.74	10.14
Amount spent by the Group during the year (as per (b) above)	10.74	10.18

#### d) Break-up of the CSR expenses under major heads is as under:

(₹ in crore)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
Contribution to Prime Minister CARES Fund for fighting against COVID-19	8.54	4.50
Eradicating hunger, poverty & malnutrition, promoting preventive healthcare & sanitation & making available safe drinking water	0.96	1.76
Promoting Education, including special education and employment enhancing vocation skills especially among children.	0.38	3.07
Ensuring environmental sustainability	0.02	0.33
Setting up homes and hostels for women and orphans, Setting up old age homes, day care centres and such other facilities for senior citizens.	0.35	0.18
Sports	0.19	
Others (including Other Admin Cost)	0.30	0.34
<b>Total</b>	<b>10.74</b>	<b>10.18</b>

## 47. COVID -19 Disclosure

The coronavirus (Covid-19) has created the biggest global crisis, sending shock waves through health systems, economies, and societies around the world. It continues to impact key geographies that we operate in, with almost all countries are reporting second waves of infections. The actions taken by various governments to contain the pandemic, such as closing of borders and lockdown restrictions, have resulted in significant disruption to normal operations of the Company by way of interruption of project execution, supply chain disruption and unavailability of personnel.

### Financial performance

Due to the impact of lockdown during the first quarter of the year and pressure on supply chain to some extent in the 2nd quarter, the revenue and profitability target was revised keeping a steep target in the 2nd half of the year. During the 2nd half of the year, the company did exceptionally well and surpassed its previous year's performance during this period and ultimately could surpass its revised budgeted turnover and profitability for the current year. However, the result for the year ended are, to that extent, not comparable with those for the previous periods.

### Liquidity

The Group has access to sufficient liquidity for its operation and also its strong order book of over ₹ 34,600 Crore provides sufficient cashflow visibility.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

#### Steps taken for smooth functioning

The Company has continued with stringent monitoring processes for Covid-19 ensuring thermal screening of all employees and visitors, sanitizing the premises and vehicles on regular basis, maintenance of social distancing at all work places and enforcing wearing of masks.

Further, the company initiated several measures to help its employees and their families, including establishing COVID Care Centers, vaccination centers, and providing them access to medical care facilities.

#### Estimation of the future impact of Covid-19

The Company has considered the possible effects that may result from Covid-19 in the preparation of its financial results including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of Covid-19, the Company has used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The actual impact of the 2<sup>nd</sup> and possible 3<sup>rd</sup> wave of this 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.

#### 48. Other disclosures

- a) The Holding Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, rate of income tax has been changed from 34.944% to 25.168%.

Upto AY 2019-20 Holding Company was making provision for income Tax without considering deduction under section 80-IA. For the period commencing from AY 2000-01 to 2019-20, deduction u/s 80-IA was allowed to company by CIT (A) for eight different years (AY 2004-05, 2005-06, 2007-08, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17) and for AY 2000-01, 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 it was allowed by ITAT. Out of these years company is still carrying provision for deduction u/s 80-IA for the AY 2007-08, 2012-13 and 2013-14 having conservative approach, considering appeals filed by department against company for these years. However, AY 2014-15 onwards, after allowance of deduction u/s 80-IA by CIT (A) holding company writes back provision made against deduction u/s 80-IA.

Upto AY 2019-20 holding company was offering global income for tax in India after excluding the income in accordance with DTAA agreements where income earned from foreign countries are excluded from global income offered for taxation. The company was allowed exclusion method upto AY 2005-06, thereafter credit against taxes paid in foreign countries have been allowed from taxes computed on global income by department. After paying the due tax the issue has been contested by filing appeals which are pending for disposal before ITAT.

- b) There are certain other matters pending in litigations against the group before various courts and appellate authorities on account of claims by some contractors in cost plus projects. In such cases, the Group envisages reimbursement from the Clients in full as per the terms of contract and expects no economic outflow of resources. In this respect, a total claim of **₹ 2,134.49 crore** (₹ 2,190.76 crore) is under litigation, for which provision of **₹ 6.19 crore** (₹ 5.58 crore) has been made which has been reimbursed by the client. The Company has also made counter claims on the contractors of **₹ 1,048.42 crore** (₹ 1,128.25 crore). Interest on claims is not considered, being unascertainable.
- c) Hon'ble High Court has permitted to release an arbitration award, amounting to **₹ 97.96 crore** against NHAI for UP-05, Orai Highway Project against submission of bank guarantee of equivalent amount. The Group has provided liability of equivalent amount till final decision of the Court.
- d) During FY 2019-20 the IISL has opted for Vivad se Vishwas Scheme announced in Finance budget 2020. According to scheme, assessee has been given one time opportunity to settle tax dispute pending before CIT(Appeal), ITAT, Tribunal high Court.

As on 31.3.2020, as against demand of ₹ 19.32 crore (except interest and penalty) pertaining to AY 2014-15, 2015-16, 2017-18 scheme has been opted and a net amount of ₹ 4.35 crore has been deposited under the scheme (after adjustment of amount already deposited of ₹ 4.05 crore against stay at the time of assessment and balance adjustment of available credits in the form of TDS, MAT & foreign tax credits).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

During FY 2020–21, Form 3 determining the final tax liability of the assesses has been issued by the Income Tax Department for total net liability of ₹ 4.51 crore as against claimed liability of ₹ 4.35 crore. The necessary provision for additional demand ₹ 0.16 crore have been made in books of Account. DTA/DTL adjustment have been carried out in the books of account in accordance with aforesaid transactions. During FY 2020–21, IISL has received assessment order against FY 2017–18 as against which provision of ₹ 3.45 crore has been created in the books of account.

- e) The Group has a system of obtaining periodic confirmation of balances from banks and other parties. So far as trade/other payables and loans and advances are concerned, the balance confirmation letters were sent to the parties. Balances of some of the Trade Receivables, Other Assets, Trade and Other Payables are subject to confirmations/reconciliations and consequential adjustment, if any. Reconciliations are carried out on on-going basis. However, management does not expect to have any material financial impact of such pending confirmations / reconciliations.
- f) In the opinion of the management, the value of assets, other than property, plant and equipment and non-current investments, on realisation in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

#### 49. Recent pronouncement

Ministry of Corporate Affairs ("MCA") notifies new accounting standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st April, 2021. MCA issued notification dated 24th March, 2021 to amend Division I, II and III of Schedule III of the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statements. These amendments are applicable to the Group for the financial year starting 1st April, 2021. The amendments are extensive and the Group will evaluate the impact of these amendments to ensure compliance with the law.

#### 50. Additional information pursuant to Schedule III to the Companies Act, 2013 for the year end 31st March, 2021.

(₹ in crore)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount (₹)	As % of Consolidated Profit or Loss	Amount (₹)	As % of Consolidated Other Comprehensive Income	Amount (₹)	As % of Consolidated Total Comprehensive Income	Amount (₹)
<b>Parent Company</b>								
Ircon International Limited	72.61%	3,197.26	103.55%	404.94	100.00%	(1.21)	103.56%	403.73
<b>Subsidiaries</b>								
Ircon Shivpuri Guna Tollway Limited	1.68%	74.08	(3.60%)	(14.06)	-	-	(3.61%)	(14.06)
Ircon PB Tollway Limited	2.91%	128.23	(5.47%)	(21.39)	-	-	(5.49%)	(21.39)
Ircon Davanagere Haveri Highway Limited	3.82%	168.25	0.17%	0.65	-	-	0.17%	0.65
Ircon Infrastructure & Services Limited	3.18%	140.02	1.48%	5.78	-	-	1.48%	5.78
Ircon Vadodara Kim Express way Limited	3.10%	136.34	0.07%	0.28	-	-	0.07%	0.28
Ircon Gurgaon Rewari Highway Limited	-	0.06	-	0.01	-	-	-	0.01
<b>Total Subsidiaries</b>		<b>646.98</b>		<b>(28.73)</b>		<b>-</b>		<b>(28.74)</b>
Non-Controlling interest in Subsidiaries	-	-	-	-	-	-	-	-
<b>Net Amount of Subsidiaries</b>		<b>646.98</b>		<b>(28.73)</b>		<b>-</b>		<b>(28.74)</b>
<b>Joint Ventures</b>								
Bastar Railways Private Limited	1.74%	76.60	0.04%	0.14	-	-	0.04%	0.14

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### For The Year Ended 31<sup>st</sup> March 2021

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in Profit or (Loss)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount (₹)	As % of Consolidated Profit or Loss	Amount (₹)	As % of Consolidated Other Comprehensive Income	Amount (₹)	As % of Consolidated Total Comprehensive Income	Amount (₹)
Chattisgarh East Railway Limited	3.14%	138.18	0.42%	1.65	-	-	0.42%	1.65
Chattisgarh East West Railway Limited	2.97%	130.91	(0.02%)	(0.07)	-	-	(0.02%)	(0.07)
Ircon – Soma Tollway Private Limited	1.98%	87.00	2.68%	10.48	-	-	2.69%	10.48
Jharkhand Central Railways Limited	1.45%	63.64	0.05%	0.19	-	-	0.05%	0.19
Mahanadi Coal Railway Limited	-	-	-	-	-	-	-	-
Indian Railway Stations Development Corporation Limited	1.42%	62.56	0.63%	2.47	-	-	0.63%	2.47
<b>Total Joint Ventures</b>		<b>558.89</b>		<b>14.86</b>		<b>-</b>	<b>-</b>	<b>14.86</b>
<b>Net Total</b>	<b>100%</b>	<b>4,403.13</b>	<b>100%</b>	<b>391.07</b>	<b>100%</b>	<b>(1.21)</b>	<b>100%</b>	<b>389.85</b>

As per our Report of even date attached

**For HDSG & Associates**

Chartered Accountants  
FRN : 002871N

Sd/-

**Harbir Singh Gulati**

Partner

M. No. 084072

Place : New Delhi

Date : 30th June, 2021

For and on behalf of Board of Directors

Sd/-

**Yogesh Kumar Misra**

Director (Works)

DIN-07654014

Sd/-

**Surajit Dutta**

Chief Financial Officer

Sd/-

**M. K. Singh**

Chairman & Managing Director

CEO and Director (Finance)

DIN – 06607392

Sd/-

**Ritu Arora**

Company Secretary

FCS No. 5270

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## **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IRCON INTERNATIONAL LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of IRCON INTERNATIONAL LIMITED for the period ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor 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 the 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 30.06.2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of IRCON INTERNATIONAL LIMITED for the period ended 31 March 2021 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 a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6) (b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

Sd/

Place: New Delhi  
Dated: 23 .08.2021

**(K.S. Ramuwalia)**  
Principal Director of Audit  
Railway Commercial, New Delhi



## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IRCON INTERNATIONAL LIMITED FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of IRCON INTERNATIONAL LIMITED for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under Section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by their Audit Report dated 30.06.2021.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of IRCON INTERNATIONAL LIMITED for the year ended 31 March 2021. We conducted a supplementary audit of the financial statements of IRCON INTERNATIONAL LIMITED, IRCON PB Tollway Limited and IRCON Shivpuri Guna Tollway Limited but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities as listed in Annexure for the year ended on that date. Further, section 139 (5) and 143 (6) (a) of the Act are not applicable to the IRCON-Soma Tollway Private Limited, being private entities, for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company. 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 a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under section 143 (6) (b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

Sd/

**(K.S. Ramuwalia)**

Principal Director of Audit  
Railway Commercial, New Delhi

Place: New Delhi  
Dated: 23 .08.2021

List of subsidiaries, Associate company and Joint Ventures of IRCON International Limited, New Delhi for which supplementary audit was not conducted under section 143 (6)(a) read with section 129(4) of the Companies Act, 2013 for the year 2020-21.

### **Subsidiaries**

1. IRCON Vadodara-Kim Expressway Limited
2. IRCON Davangere Haveri Highway Limited
3. IRCON Infrastructure & Services Limited
4. IRCON Gurgaon Rewari Highway Limited

### **Joint Ventures**

1. Indian Railway Stations Development Corporation Limited
2. Bastar Railway Pvt. Limited
3. Jharkhand Central Railway Limited
4. Mahanadi Coal Railway Limited
5. Chhattisgarh East Railway Limited
6. Chhattisgarh East-West Railway Limited

Sd/  
Sr. Audit Officer (Co-ordination)  
Railway Commercial









# Footprints of **IRCON**





इरकॉन इंटरनेशनल लिमिटेड  
IRCON INTERNATIONAL LIMITED



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