

IRCON PB TOLLWAY LIMITED

[SPV OF IRCON INTERNATIONAL LTD.]

CIN: U45400DL2014GOI272220

2nd ANNUAL REPORT (FY: 2015-16)

BIKANER – PHALODI HIGHWAY PROJECT (NH-15)
IN THE STATE OF RAJASTHAN



VISION AND MISSION STATEMENT

VISION

To establish and steer the Company towards development of the Project Highway, the Bikaner- Phalodi Section on NH-15, in the State of Rajasthan and ensuring the users of the project highway are benefitted thereof and achieving higher revenues from the constructed toll plazas and making the Company stand at par in delivering the expected project output within the optimum time period.

MISSION

- (i) Constructing through site planning, scheduling of project activities, leveling and laying the land, installing systems for measuring quality of construction.
- (ii) Responsibly monitoring the implementation and operationalization of the project.
- (iii) Ensuring increased usage of highway over the tenure of concession by keeping a check on toll rates, enabling plying of more and more cars and commercial vehicles on the road, revising the toll rates based on effective traffic sampling.
- (iv) Curtailing costs and channeling resources into required areas.

~~~~~\*\*\*~~~~~

## **COMPANY FORMATION**

The Stones of Foundation were laid on 30<sup>th</sup> September 2014  
Incorporated as Concessionaire in terms of the Concession Agreement with National Highways  
Authority of India (NHAI)

## **BUSINESS OBJECTIVE**

Widening and Strengthening of the existing Bikaner & Phalodi Section to Four lane from km 4.200 km to 55.250 and Two Lane with paved shoulder from Km 55.250 to Km 163.500 of NH-15 on Build, Operate, and Transfer (BOT) (Toll) basis in the State of Rajasthan

## **CONCESSION PERIOD: 26 YEARS**

Concession has been granted by NHAI as the exclusive right, license and authority to construct, operate and maintain the project through Concession Agreement signed on 07.11.2014

## **FINANCIAL CLOSURE & APPOINTED ATE**

**Financial Closure Attained on: 30.04.2015**  
(Date of signing loan agreement with Senior Lender)

**Appointed Date Notified by NHAI: 14.10.2015**  
(Date of Commencement of Construction Activities at the Bikaner-Phalodi Project Site)

## **PRESENT PROJECT STATUS**

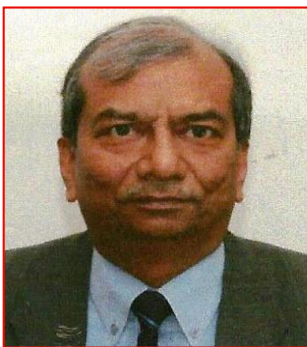
Development Period (Phase): Project Construction Works  
Operation Period: Post-completion of Construction

~~~~~\*\*\*~~~~~

BOARD OF DIRECTORS OF IRCON PB TOLLWAY LTD.
[PART-TIME (NOMINEE) DIRECTORS]



MR. DEEPAK SABHLOK
CHAIRMAN
DIN: 03056457
Designation: Director (Projects), Ircon



MR. ANIL JAIN
DIRECTOR
DIN: 05283217
Designation: Executive
Director/ Works, Ircon

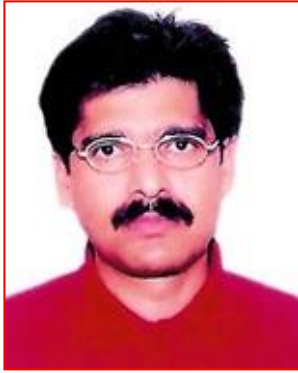


MR. ASHOK KUMAR GOYAL
DIRECTOR
DIN: 05308809
Designation: Executive
Director/Projects, Ircon



MR. A. K. SINGH
DIRECTOR
DIN: 07018776
Designation:
GM/Corporate/Finance

KEY MANAGERIAL PERSONNEL OF IRCON PB TOLLWAY LTD.



**MR. AJAY KUMAR SINGH
CHIEF EXECUTIVE OFFICER**



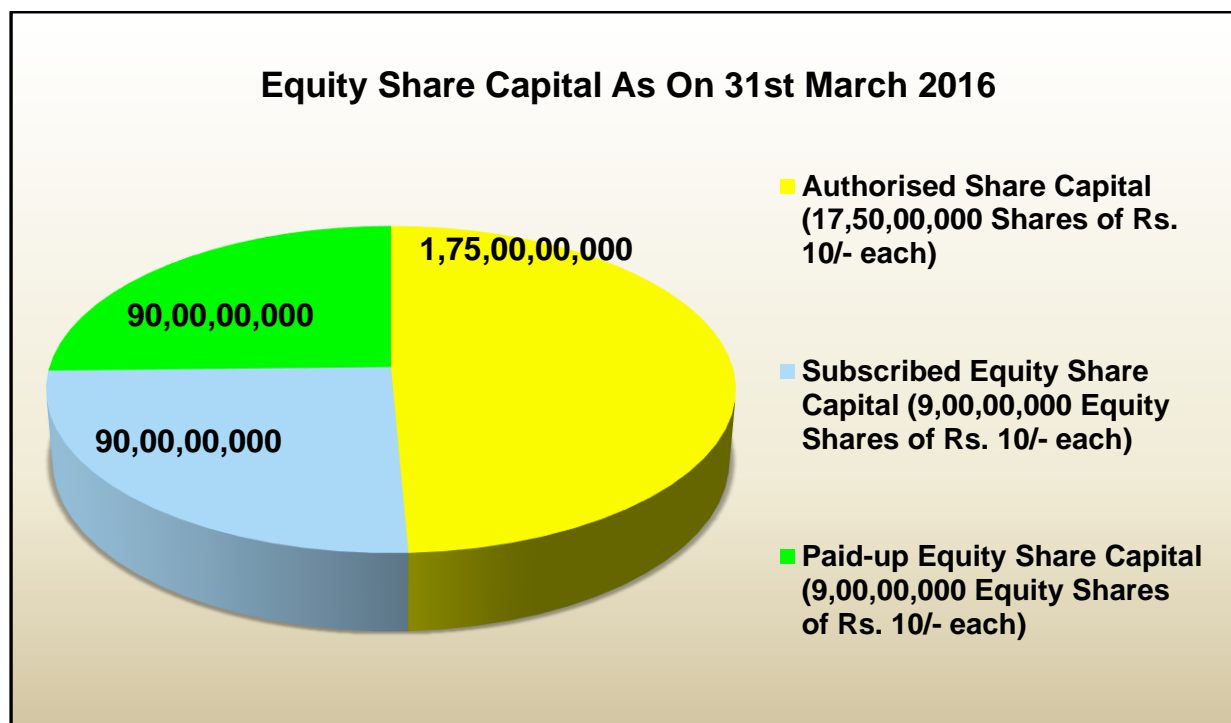
**MS. TANJIT KAUR
CHIEF FINANCIAL OFFICER**



**MS. SHUDODHANI
COMPANY SECRETARY**

FINANCIAL HIGHLIGHTS OF IrconPBTL (AS ON 31st MARCH 2016)

| Particulars of Share Capital | Amount In INR |
|--|-----------------------|
| Authorised Share Capital
(17,50,00,000 Shares of ₹ 10/- each) | 1,75,00,00,000 |
| Subscribed & Paid-up Equity Share Capital
(9,00,00,000 Equity Shares of ₹ 10/- each) | 90,00,00,000 |
| Net Worth | 92,63,95,471 |
| Reserves & Surplus | 2,63,95,471 |



CHAIRMAN’S ADDRESS



Dear Distinguished Shareholders/Members

It gives me immense pleasure to welcome you all to the 2nd Annual General Meeting of IRCON PB Tollway Limited (IrconPBTL). The annual report, including Audited Accounts, Directors report, Auditor’s report for the year ending 31st March, 2016 has been circulated to you, with your permission I shall take them as read.

About the Project

IrconPBTL has been incorporated for execution of Bikaner-Phalodi Toll Road Project for four laning from km 4.200 km to 55.250 & two laning with paved shoulder from Km 55.250 to Km 163.500 of NH-15 on Build, Operate & Transfer (BOT) (Toll) basis in the State of Rajasthan. Your Company has since the last financial year 2014-15, made significant progress in terms of fulfillment of various Conditions and Milestones set forth in the Concession Agreement entered with NHAI. You would be happy to know that the construction works has started at the Project Site.

I would now like to brief you about few highlights of the year 2015-16, and recent developments in the Company.

Scheduled Period of Construction

The project is scheduled to be completed within 910 days from the commencement date of 14.10.2015 i.e. by 11.04.2018 and the construction works are progressing as per the schedule.

Revenue Projections

The project has an estimated IRR of 14.59% and concession period is 26 years.

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

Project Progress

IrconPBTL, being an SPV, is required to perform several concession oriented obligations, and the major achievements so far are:-

1. Financial Closure was done on 30.04.2015.
2. Intimation of Appointed Date by NHAI as 14.10.2015 as the Date for Commencement of Construction Activities at the Project Site.
3. The execution of road work was entrusted to M/s Ircon International Limited and so far financial progress of Rs. 114.30 Crores has been achieved.
4. The first milestone of the Concession Agreement entered with NHAI of completing 10% of the project cost has been achieved.

Financial and Operational Status

The authorized share capital of the Company is Rs. 175 Cores and the paid-up share capital as on 31.03.2016 is Rs. 90 Crores. Further, equity of Rs. 50 Crores has been infused into the project, with paid-up share capital as on 22.07.2016 amounting to Rs. 140 Crores.

Compliances and Disclosures

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

Memorandum of Understanding (MoU)

It may further be noted that your Company has signed its First MoU with its holding company, IRCON on 26.07.2016 and is fully committed towards it.

Concluding Remarks

I would like to conclude by saying that IrconPBTL incorporated as an SPV by IRCON shall endeavour to make the best efforts towards completion of the project in the stipulated time frame and will remain committed towards adopting best industry practices and procedures.

Acknowledgement

I render sincere thanks and gratitude to the Holding Company, Ircon International Limited, Auditors of the Company and the valued client of the Company i.e. NHAI for continuous support and cooperation extended to the Company and lending the financial and administrative support.

**For and on behalf of
Ircon PB Tollway Limited**

**Sd/-
Deepak Sabhlok
Chairman
DIN: 03056457**

**Date: 27.09.2016
Place: New Delhi**

CONTENTS OF ANNUAL REPORT OF IrconPBTl

| Sr. No. | Particulars | Note No. | Page No’s |
|----------------|--|-----------------|------------------|
| 1. | Director’s Report | | 9 to 48 |
| 2. | Auditor’s Report | | 49 to 56 |
| | Annual Financial Statements (2015-16) | | |
| | ➤ Balance Sheet | | 58 |
| | ➤ Statement of Profit and Loss | | 59 |
| 3. | ➤ Cash Flow Statement | | 60 |
| | ➤ Significant Accounting Policies | 1 | 61 to 64 |
| | ➤ Notes to Accounts | 2 to17 | 65 to 75 |
| | ➤ Notes forming part of Accounts including Disclosures | 18 | 75 to 78 |
| 4. | Comments of the CAG | | 79 to 80 |



DIRECTOR’S REPORT

**To
The Members of the Company**

Your Directors have pleasure in presenting their **2nd Annual Report** on the business and operations of the Company and the audited accounts for the Financial Year ended March 31, 2016 alongwith the Auditor’s Report.

A. COMPANY’S BUSINESS OPERATIONS

IrconPBTL incorporated on 30.09.2014 as an SPV by **IRCON INTERNATIONAL LIMITED (‘IRCON’)** held its **First Annual General Meeting** on 21.09.2015 wherein the First Director’s Report and the Annual Accounts alongwith the Auditor’s Report and the Comments of the Comptroller and Auditor General of India, were presented for the financial year ended 2014-15.

The Company, acting as Concessionaire, in order to comply with the ‘**Conditions Precedent**’ setforth in the Concession Agreement signed with NHAI, and for execution of the Bikaner-Phalodi Project on NH-15 in the State of Rajasthan, has since the close of the previous financial year 2014-15 achieved varied milestones and has made significant business progress as follows:-

- (i) **Financial Close:** Financial Close was required to be achieved within 180 days from the date of signing of the Concession Agreement, providing for execution of loan agreement for the amount of ₹ 352 Crore to be borrowed from IRCON. It was achieved on **30.04.2015** by the Concessionaire as the date of submission of the executed loan agreement between IrconPBTL and IRCON to NHAI, for assurance of access to loan funds (based on the drawdown schedule to be submitted by IrconPBTL to IRCON).
- (ii) **Execution of Escrow and Substitution Agreement:** The Escrow and Substitution Agreement were executed on 10th August 2015 and 16th July 2015 respectively, for establishment of Escrow Bank Account for all withdrawals and deposits to be effected from it and for complying with other terms and conditions, required as Concessionaire.
- (iii) **Appointed Date:** NHAI had intimated the appointed date as 14.10.2015 for “Commencement of Construction Activities” at the Bikaner-Phalodi Project Site. Construction works have commenced accordingly, and laying of road construction materials, earthworks and formations, are being done at a consistent space by the EPC Contractor – IRCON INTERNATIONAL LIMITED (IRCON).

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

(iv) **Capital Work-in-Progress (Capital WIP):** The Company has made substantial work-in-progress and the same has been capitalised in the Balance Sheet as on 31.03.2016. Further, Capital WIP for the financial years 16-17 and 17-18 has been estimated as per the expected scheduled work of completion till April 2018. The figures are represented below:-

| Financial Expenditure
(CAPEX During Construction Phase) | FY: 15-16
(Actual Figure) | (Amount in ₹ Crores) | |
|--|------------------------------|----------------------|----------|
| | | FY: 16-17 | FY:17-18 |
| | | (Estimated) | |
| Capital Work-in-Progress | 45.89 | 250 | 548.11 |

B. FINANCIAL PERFORMANCE

Since the construction works at the Bikaner-Phalodi Project Site is expected to be completed within 2.5 years from the Appointed Date (14.10.2015) i.e. till 11.04.2018, the income from operations (turnover) from the project would start accruing after construction is completed.

Presently, the Company is having Interest Income from Fixed Deposits and the Net Worth stands at ₹ 92,63,95,471/- as on 31.03.16, with an increase of ₹ 88,72,52,769/- from Net Worth as on 31.03.15, being ₹ 3,91,42,702/- only.

The comparative financial performance of the Company from the previous financial year ended 31.03.2015 is as represented below:-

Table I: Comparative Financial Performance (FY: 15-16 vs FY: 14-15)

| S.No. | Particulars | (Amount in ₹) | |
|-----------|-------------------------------|---------------------------|---------------------------|
| | | For F.Y. Ended 31.03.2016 | For F.Y. Ended 31.03.2015 |
| | | AUDITED FIGURES | |
| 1. | Income from operations | - | - |
| 2. | Other Income | 5,78,32,722 | 10,94,403 |
| 3. | Total Income (1 + 2) | 5,78,32,722 | 10,94,403 |
| 4. | Total Expenses | 17,59,204 | 1,58,64,318 |
| 5. | Profit before Tax (3-4) | 5,60,73,518 | (1,47,69,915) |
| 6. | Tax Expense | 1,88,20,749 | (39,12,617) |
| 7. | Profit after Tax (PAT) | 3,72,52,769 | (1,08,57,298) |
| 8. | Net Worth * | 92,63,95,471 | 3,91,42,702 |
| 9. | Earnings Per Share | 0.45 | (2.17) |

C. PROJECT CASH FLOWS

The Cash Flows generated from the project activities during the year, are as follows:-

Table II: Cash Flows from Business Activities (FY: 2015-16)

(Amount in ₹)

| Sr. No. | Particulars | Amount | |
|---------|--|----------------|-----------------------|
| 1. | Cash Flow From Operating Activities | | |
| | Net Profit before Tax & Extraordinary Items | 5,60,73,518 | |
| | Adjustments for:- | | |
| | Non-operating income and expenses | - 5,70,44,781 | |
| | Working Capital Changes | 16,77,88,227 | |
| | Tax Paid | -1,17,84,613 | |
| | Cash Generated from Operations (A) | | 15,50,32,351 |
| 2. | Cash Flow from Investing Activities | | |
| | Purchase of Fixed Assets (including Capital WIP) | - 45,89,58,256 | |
| | Interest Received | 5,78,32,722 | |
| | Cash Generated from Investments (B) | | - 40,11,25,534 |
| 3. | Cash Flow from Financing Activities | | |
| | Share Capital | 85,00,00,000 | |
| | Share Application Money | - 85,00,00,000 | |
| | Cash Generated from Financing Sources (C) | | Nil |
| | Total Cash Flow Generated (A) + (B) + (C) | | - 24,60,93,183 |

The above table clearly reflects the Cash Flows arising from different sources for the Financial Year 2015-16 based on the “**INDIRECT METHOD**” used for preparation of the Cash Flow Statement (AS- 3) forming part of the Financial Statements of the Company.

Therefore, there is a decrease in **Cash and Cash Equivalents** figure for the FY: 2015-16 amounting to ₹ 24,60,93,183/-; with the balance existing in the escrow bank account and its sub-accounts being ₹ 1,53,76,546/- and the fixed deposits under it being ₹ 62,27,53,823/- forming part of earmarked balances in terms of the executed escrow agreement with NHAI.

D. CAPITAL STRUCTURE

The Capital Structure of the company as approved w.r.t. funding the Total Project Cost (TPC) of ₹ 844 Crores is divided into ₹ 165 Crores equity share capital, ₹ 352 Crores debt and Grant from NHAI of ₹ 327 Crores.

As on date, the equity share capital stands at ₹ 140 Crores (out of the total authorized share capital of ₹ 175 Crores) with nil debt and grant. The composition of equity and debt structure of the Company is as depicted below:-

**Table III: Capital Structure of IrconPBTL
(As on 31.07.2016)**

| S. No. | Particulars | Amount in ₹ Crores | |
|---|---|--------------------|-------------------|
| | | Total Approved | Availed Till Date |
| Total Project Cost: ₹ 844 Crores | | | |
| Authorised Share Capital: ₹ 175 Crores | | | |
| 1. | Issued, Subscribed & Paid-up Equity Share Capital | 165 | 140 |
| 2. | Debt Capital | 352 | Nil |
| 3. | Total Capital (1 + 2) | 517 | 140 |
| 4. | NHAI Grant (Conditional Equity Support) | 327 | Nil |
| 5. | Total Amount (3+4) | 844 | 140 |

E. MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)

The MDAR has been annexed to the Director’s Report as **ANNEXURE – I.**

F. DIRECTORS & KEY PERSONNEL

The Company’s management is headed by four Non-executive Nominee directors as Board of Directors of the Company and has three key personnel as mentioned hereunder:-

BOARD OF DIRECTORS

| Sl. No. | Directors | Date of Appointment | DIN/PAN No. |
|---------|---|---------------------|-------------|
| 1. | Mr. Deepak Sabhlok, Part-time Chairman | 30.09.2014 | 03056457 |
| 2. | Mr. Anil Jain, Part-time Director | 30.09.2014 | 05283217 |
| 3. | Mr. Ashok Kumar Goyal, Part-time Director | 30.09.2014 | 05308809 |
| 4. | Mr. A. K. Singh, Part-time Director * | 21.07.2016 | 07018776 |

* IrconPBTL had requested its holding company, IRCON, to nominate a director having financial knowledge for constitution of its audit and nomination and remuneration committees of the Board. IRCON had accordingly at its 228th Board Meeting held on 23rd June 2016 vide item no. 72/16, nominated Mr. A. K. Singh as part-time director on the Board of IrconPBTL, having financial knowledge.

Mr. A. K. Singh accordingly joined the Board of IrconPBTL on 21.07.2016, the date of receipt of his consent to act as Director in Form DIR-2, acting as part-time director having financial knowledge.

KEY PERSONNEL

| Sl. No. | Key Personnel of Company | Date of Appointment | DIN/PAN No. |
|---------|--|---------------------|-------------|
| 1. | Mr. A K Singh, Chief Executive Officer | 27.02.2015 | 03056457 |
| 2. | Ms. Tanjit Kaur, Chief Financial Officer | 07.11.2014 | 05283217 |
| 3. | Ms. Shudodhani, Company Secretary | 17.03.2015 | CLPPS8601B |

G. DIRECTOR’S RESPONSIBILITY STATEMENT (DRS)

(Pursuant to Section 134(3)(c) of Companies Act, 2013)

In accordance with Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company hereby confirms:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the directors had prepared the annual accounts on a going concern basis; and
- (e) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

H. DECLARATION BY INDEPENDENT DIRECTORS U/S 149(6)

In pursuance of Section 149 (4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Companies having a paid-up share capital of ₹ 10 Crores or more (based upon the figures of last audited financial statements) are required to appoint atleast one-third of the number of directors, as Independent Directors on its Board.

IrconPBTL had a paid-up share capital of ₹ 5 Crores for the financial year ended 31st March 2015. During the financial year 2015-16, the paid-up share capital of the Company had increased to ₹ 90

Crores from ₹ 5 cores, on allotment of 8.50 Crore equity shares to IRCON, via first rights issue of the Company made under Section 62(1)(a) of the Companies Act, 2013 read with associated rules thereunder. The allotment of the said 8.50 Crore equity shares was approved at the Board Meeting held on 29.04.2015.

Since the value of paid-up share capital of the Company is as per the figures contained in the audited financial statements of the Company for the particular financial year, the provision regarding appointment of independent directors was not applicable during the tenancy of the previous financial year 2015-16, with audited figure for paid-up share capital as on 31.03.2015, to be taken into account, amounting to ₹ 5 Crores.

Accordingly, based upon audited annual accounts of the Company for financial year 2015-16, the provisions regarding appointment of independent directors would become applicable and compliance for the same shall be done.

Further, it may be noted that IrconPBTL, on crossing the threshold limit of ₹ 10 Crores, on paid-up share capital becoming ₹ 90 Crores, in the previous financial year 2015-16, had proactively requested its Holding Company, IRCON, for nomination of independent directors to be appointed on IrconPBTL’s Board. This was done to ensure adequate time period was there for meeting the statutory requirements, both in terms of Companies Act, 2013 and the DPE Corporate Governance Guidelines, 2010.

I. INTER-CORPORATE LOANS AND INVESTMENTS (SEC 185 AND SEC 186)

Loans and Investments to directors, corporates and other entities is governed by Section 185 and Section 186 of the Companies Act, 2013. The provisions demarcate conditions and % of loans and investments that could be made.

The Company has till date made no inter-corporate loans and investments and as such NIL transactions stand on date.

J. SHAREHOLDING PATTERN OF PROMOTERS

IrconPBTL, is a wholly-owned subsidiary of IRCON, and has thereby its entire equity shareholding held by its promoter company, IRCON, a Government of India Undertaking, under Ministry of Railways. The entire equity share capital (100%) is held in the name of IRCON and its 6 nominees, as depicted below:-

Table IV: Existing Shareholding Pattern of IrconPBTL

| Shareholder’s Name | No. of Equity Shares Held | Total Value of Equity Shares Held | % of Total Shares of the Company |
|---|---------------------------|-----------------------------------|----------------------------------|
| Ircon International Limited and its 6 Nominee Shareholders
(14,00,00,000 Equity Shares of ₹ 10/- per share) | 14,00,00,000 | 140,00,00,000 | 100% |
| Total | 14,00,00,000 | 140,00,00,000 | 100% |

K. EXTRACT OF ANNUAL RETURN – MGT-9

The extract of Annual Return as per Section 92(3) read with Rule 12(1) Companies (Management and Administration) Rules, 2014 (Mandatory Requirement of the Act) has been annexed as **ANNEXURE – II.**

L. RELATED PARTY TRANSACTIONS (RPT’S)

[Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 - Contracts or Arrangements with Related Parties]

There were no materially significant related party transactions with the Company’s Promoter’s, Director’s, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year 2015-16 were on Arm’s Length Basis and were in the ordinary course of business.

At the 16th BoD Meeting held on 5th Sept 2016, the related party transactions entered during the financial year 2015-16 were noted by the Board.

The Disclosure in Form No. AOC-2, pertaining to the transactions entered by the Company with its related parties, as per Section 134(3) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, has been enclosed as **ANNEXURE - III.**

M. DIVIDEND & RESERVES

Your Company was incorporated on 30th September 2014 and had incurred losses for the period from 30th Sept 2014 to 31st March 2015 amounting to ₹ 1,08,57,298 /-. For the financial year 2015-16, the

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

Company has earned distributable profits amounting to ₹ 3,72,52,769 /- (Rupees Three Crores Seventy Two Lakhs Fifty Two Thousand and Seven Hundred Sixty Nine Only).

Accordingly, the Reserves & Surplus position of the Company for the period ended 31st March 2016 amounts to ₹ 2,63,95,471 /- with nil appropriations made towards creation of reserves.

The Board considering the fact that the Company’s project operations are currently in construction phase with nil operational income, has not proposed any dividend for the financial year 2015-16.

N. DEPOSITS

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

O. ENVIRONMENT PROTECTION AND CONSERVATION, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

During the construction of the highway in the financial year 2015-16, appropriate and adequate measures as stipulated by NHAI have been taken to ensure environment protection and conservation. Varied environmental laws relating to Environment Protection Act, Air and Water Pollution Control Acts, have been duly adhered to as part of conditions to be fulfilled by the Company as CONCESSIONAIRE.

Foreign earnings and outflows are not applicable for Company being solely responsible for execution of BOT based project awarded by NHAI.

P. STATUTORY & CAG SUPPLEMENTARY AUDIT ON FINANCIAL STATEMENTS

The Statutory Auditors for the financial year 2015-16 were M/s Praveen Aggarwal & Company, Chartered Accountants, with Firm Registration No. 000044N, having registered office at 23, Bhai Veer Singh Marg, Gole Market, New Delhi - 110001. There were nil qualifications in the Statutory Audit Report on the company’s financial statements dated 10.06.2016.

Supplementary Audit was also conducted by the Comptroller and Auditor General of India (CAG) on the audited financial statements of the financial year 2015-16.

Q. DIRECTOR’S OBSERVATIONS AND COMMENTS FOR FINANCIAL STATEMENTS (EXPLANATIONS FOR ANY COMMENTS MADE BY AUDITORS IN THEIR REPORT)

The Financial Statements reflect a true and fair view of the accounts based on double entry system of accounting with profit and losses recorded on accrual basis, ledger posting for each and every transaction recorded in journal, preparation of trial balance, rectification of errors and balancing of accounts.

Your Directors have closely evaluated the Financial Statements alongwith the Statutory Auditors Report including nil qualifications and noted the same. It has been found that the annual accounts have been prepared in accordance with the applicable accounting standards and necessary measures shall be adopted to streamline the accounting processes.

R. SECRETARIAL AUDIT ON COMPLIANCE OF APPLICABLE LAWS

Secretarial Audit became applicable to the Company from the Financial Year 2015-16, as per the provisions mentioned under Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Accordingly, **M/s Akhil Rohatgi & Company, Company Secretaries**, with Mr. Akhil Rohatgi, as the authorized signatory having COP No. 2317 and Membership No. 1600, have been appointed as the Secretarial Auditors for the financial year 2015-16.

The Secretarial Audit Report issued by the secretarial auditors for the financial year 2015-16 in the prescribed format MR-3 has been annexed as **ANNEXURE – IV.**

S. BOARD’S REPLY TO COMMENTS MADE BY THE SECRETARIAL AUDITOR

The Board of Directors of the Company had in its 16th Board Meeting held on 05.09.2016 noted the Secretarial Audit Report issued by M/s Akhil Rohatgi & Company, Company Secretaries, Secretarial Auditors of the Company for the financial year 2015-16. **The Board made the following submissions for the comments made by the Secretarial Auditor in his report in Form MR-3 as specified below:-**

- 1. Appointment of Independent Directors (ID’s) and Constitution of Mandatory Committees:-** The Board hereby submits that IrconPBTL is an SPV formed for single project execution and thereby in terms of DPE Corporate Governance Guidelines, 2010 has issued letters to Holding Company, IRCON for appointment of Independent Directors (Non-executive Capacity) for Compliance. Further, for any appointment of functional director as well, the Holding Co. has powers to appoint the same.

Constitution of mandatory committees was taken up at the 9th BoD Meeting held on 26.08.2015 during the financial year 2015-16, and the decision to induct a part-time director having financial knowledge was approved and the request letter was submitted to Holding Company. The Part-time director has joined the Board of IrconPBTCL from 21.07.2016.

In view of above, the Board submits that the said compliance has been noted by Board and the necessary measures would be adopted for Board Constitution and formation of Board Committees.

2. Appointment of Chief Financial Officer (CFO) as Key Managerial Personnel (KMP):- The Company hereby states that the requirement of declaration of CFO as KMP under Sec 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 had become applicable on the Company on increase in paid-up share capital to Rs. 90 Crores as on 29.04.2015. Subsequently, the compliance was noted by the Board. Since the proposal was to induct a new CFO into the Company, the matter was kept on hold. On account of resignation served by the new CFO, it has been agreed to declare the previous CFO as KMP and to notify the statutory authorities.

In view of above, the Board submits that the said compliance shall be taken at the Board Meeting for approval and appointment of CFO as KMP as per the Companies Act, 2013.

3. Quarterly Reports and Annual Reports Submission to DPE:- The Board hereby submits that the submission of reports to DPE for Corporate Governance Compliance – quarterly and annually, has been noted and would be followed from the next reporting period.

T. INTERNAL FINANCIAL CONTROL SYSTEMS & ITS ADEQUACY

Internal Financial Controls (IFC) in relation to Financial Statements pertain to proper safeguard measures being undertaken in terms of adherence to policies and procedures being adopted, asset provisioning and recording of expenses and incomes (Financial Reporting).

Section 143 of the Companies Act, 2013 and the Companies (Auditor’s Report) Order, 2016 provides for Auditors to mention in their Auditor’s Report about the adequacy of internal financial controls existing in the Company commensurating with the size and nature of business.

Pertaining to the aforementioned matter, the Company incorporated during the year 2014-15 only with implementation of project starting from FY 2015-16, has internal financial controls (IFC’s) in all its material aspects as required in terms of the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, as equivalently stated in the Auditors Report issued for the financial year 2015-16. Further, all essential components of internal financial control have been found to be adequate.

U. RISK MANAGEMENT

Since the Company is a **CONCESSIONAIRE COMPANY**, formed pursuant to the letter of award issued to IRCON for the Bikaner-Phalodi Project, the Risk Elements pertaining to the project have been since incorporation tried to be duly covered through:-

- (i) **Project Costing done as assessed and approved by NHAI**
- (ii) **Execution of Escrow and Substitution Agreement – consolidating all project related deposits and withdrawals from Escrow Bank Account and substitution of another Company as Concessionaire, in case of default, made by IrconPBTL**
- (iii) **Construction been duly monitored regularly by the Company**

In furtherance thereof, considering the significance of having a “Risk Management Policy” for identification of elements of risk applicable to the Company, as stated in the previous Board Report, the Company has estimated a construction period of 2.50 years inclusive of possible delays, kept a 3 year moratorium period, repayment of principal and debt starting not before April 2018 (for debt servicing) and in case of project cost overruns – NHAI’s support available.

Company has developed a Financial Model ascertaining the Toll Rates, Expected Revenues from Operations and Estimated Net Profit for the Concession Period. In line with the same, revisions in toll rates affecting business profitability shall be carried out in a timely manner and variations from budgeted estimates shall be calculated and measures would be taken to control the same.

Certain Risk Management Parameters have been identified by the Company as detailed below:-

Table V: Risk Elements Relative to Project

| Sr. No. | Risk Elements | Description |
|---------|--------------------------------|---|
| 1. | Construction Period | Delay in Construction Period is a major factor to be controlled with delay in scheduled commercial date of operations (COD) |
| 2. | Debt Service Ratio | Company has to ensure timely debt repayments to reduce risk of default |
| 3. | Traffic – Related Revenue Risk | Revenue Potential from Commercial Traffic is high but subject to volatility in economic cycles. |

A detailed risk management policy will be devised and made functional after detailed monitoring of work progress at the Project Site and evaluation of risk controls necessary to have desired performance.

V. DISCLOSURE ON EMPLOYEE REMUNERATION

Pursuant to Sec 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employees of the Company was in receipt of remuneration of more than ₹ 60 Lakh per annum or ₹ 5,00,000/- per month.

W. REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance has been annexed to this Report as **ANNEXURE – V.**

X. INTERNAL AUDITOR

In terms of Sec 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, Companies having a paid-up share capital of ₹ 50 Crore or more during the preceding financial year, are required to appoint an Internal Auditor.

The requirement of appointment of Internal Auditor in the financial year 2015-16 was not statutorily applicable to the Company having a paid-up share capital of ₹ 5 Crore during the preceding financial year 2014-15. But, since the paid-up share capital of the Company had surpassed the threshold limit of ₹ 50 Crore based upon allotment of 8.50 Crore equity shares to IRCON, with paid-up capital becoming ₹ 90 Crores, and similarly intimation made to the Registrar of Companies, the appointment of internal auditor was taken up.

M/s Bansal Sinha & Co having office at 18/19, Old Rajinder Nagar, New Delhi -110060 were appointed as the Internal Auditors of the Company for the financial year 2015-16; in order to safeguard the interests of the Company.

Y. STATUTORY AUDITORS (FY: 16-17)

The Statutory Auditor for the Company as appointed by the Comptroller and Auditor General of India (C&AG) for the financial year 2016-17 is M/s Praveen Aggarwal & Company, Chartered Accountants, with Firm Registration No. 000044N, having registered office at 23, Bhai Veer Singh Marg, Gole Market, New Delhi - 110001.

Z. BANKERS TO THE COMPANY

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

AA. SUBSIDIARY, ASSOCIATE & JOINT VENTURE COMPANIES

The Company has as on date no subsidiaries, associate or joint venture companies.

BB. MEMORANDUM OF UNDERSTANDING (MoU)

A Memorandum of Understanding (MoU) has been signed on 26.07.2016 with Ircon International Limited ('IRCON'), the holding company for the financial year 2016-17 specifying the performance evaluation criterion in terms of capital expenditure, completion of earthwork in formation, WMM and DBM.

CC. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION, & REDRESSAL) ACT, 2013

The Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is applicable to every organisation having women employees. In case, the total number of employees in the organisation exceeds 10, constitution of 'Internal Complaints Committee' is required in terms of Section 4 of the said act.

The number of employees in IrconPBTL crossed the threshold limit of 10 in the fourth quarter of the financial year 2015-16, wherein it was desired to post experienced officers and staff on deputation basis for supervision, quality control and site management at the Bikaner-Phalodi Project.

Accordingly, the constitution of 'Internal Complaints Committee' shall be taken up during the financial year 2016-17, on noting that the number of employees has surpassed the limit and on assessment of requirements of constitution at a duly convened meeting of the Board of Directors.

DD. DETAILS OF MATERIAL CHANGES OR COMMITMENTS AFFECTED FROM THE DATE OF CLOSE OF THE FINANCIAL YEAR TILL THE DATE OF REPORT OF AGM

Certain essential business matters undertaken post-balance sheet date, are stated hereunder:-

| Sr. No. | Particulars | Description |
|---------|---|---|
| 1. | Issue and Allotment of 5 Crore Equity Shares to IRCON | 5,0,00,000 Equity Shares allotted to IRCON on rights basis at face value |
| 2. | Loan Drawdown Schedule | Approval for Loan Requisition Affected |
| 3. | PF Registration | Work-in-progress |
| 4. | Addendum to EPC Agreement | EPC Agreement has been modified to incorporate changes in the payment procedure |

EE. GENERAL INFORMATION FOR SHAREHOLDERS

(i) Key Policies & Regulations:-

The Company believes in following policies in line with those followed by Ircon International Limited – its Holding Company in terms of delegation of powers to Officers and authorising the personnel in their respective capacities.

The Power to Appoint Directors on the Board of the Company rests with the Holding Company – Ircon except additional, alternate or casual directors. Further, the Chairman of the Company in terms of Article 59 of the Articles of Association of the Company reserves for the decision of the Holding Company – Ircon any important issues that may be felt by Chairman to be decided by the Holding Company.

(ii) Audited Annual Financial Results

The Statement of Audited Financial Results and the Cash Flow Statement for the year ended March 31, 2016 was approved by the Board of Directors at their meeting held on June 10, 2016 as provided in this Annual Report.

(iii) CEO and CFO Certification

The Chief Executive Officer (CEO) – Mr. A K Singh and Chief Financial Officer (CFO) – Mrs. Tanjit Kaur have certified that the Financial Statements of the Company reflect a true and fair view of the Company’s Affairs and contains all material information. The said certificate has been attached as **ANNEXURE – VI.**

**For and on behalf of Board of Directors
of Ircon PB Tollway Limited**

**Sd/-
Deepak Sabhlok
Chairman
DIN: 03056457**

**Date: 05.09.2016
Place: New Delhi**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)

(i) Industry Structure and Developments

Construction Industry over the years with respect to construction of roads and highways is spearheading towards more growth and more capital contribution being made to develop and operate such projects on BOT Basis as awarded by NHAI.

NHAI is awarding such projects enabling investors and contractors to earn stable incomes with less risk of loss or uncertainties based on area’s traffic assessment as compared to other industries where demand and supply factors alongwith availability of substitutes as service providers. Herein such projects when awarded are critically evaluated before issue of letter of acceptance to the party in terms of credibility and financial position to execute the project, making estimated earnings from such projects less susceptible from market ups and downs.

As such NHAI under its flagship programme NHDP-Phase IV has taken as the challenge to develop, expand the National Highways (NH) network in the Country. For implementation of the scheme, the work of widening and strengthening of the Bikaner-Phalodi Section (NH-15) in the State of Rajasthan for which tender was floated by NHAI in which Ircon International Limited (IRCON – 100% Holding Company) participated, bagged the contract for execution and formulated SPV named as Ircon PB Tollway Limited. This project based on industrial trends has growth potential and has increased propensity to make huge collections from highway consumers relative to inflation rates existing in the economy.

(ii) Strengths and Weaknesses

➤ **Strengths**

Due to increased focus of government on infrastructure sector, the roads and highways network is going to expand further with more and more investments flowing into it. Good growth in road traffic is in a way impetus for priority sector development by Government of India – Make in India and Industrial Corridors adding up to the demand for better road connectivity and smooth flow of traffic. Rate of growth in Traffic on highways is expected to rise with more economic and industrial developments in the next two years. With a growing population in India, demand for road transport would increase further by 2020, implying more investments and more returns.

➤ **Weaknesses**

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

- (iii) Unexpected cost escalations due to increase in price of petroleum products and natural materials.

(iii) Opportunities and Threats

➤ **Opportunities**

- (i) Continuous rising vehicles on the roads and highways shall bring stability and growth in operations and the related profitability.
- (ii) Development of Estimated Benefit –Cost Analysis Model for Highway Projects helps in quantifying expected revenues (toll income) over a long-period of time, as compared to rendering of other services.

➤ **Threats**

- (i) Delay in implementation of highway project not only increases the project costs but also affect revenues due to limited concession period and increased burden of interest payments.
- (ii) In BOT projects, cost of inputs has to be maintained at estimated levels and forecast of traffic has to be achieved with less scope for variations.

(iv) Outlook

National Highways Authority of India (NHAI) under its flagship project “National Highways Development Program (NHDP)” is planning to give further boost to the construction industry by way of awarding more highway projects and encouraging private partnerships and use of innovative technologies for development.

(v) Risks and Concerns

- Performance Management is a daunting task.
- Existing Risk Assessment Models for construction projects are not at par with practices followed in developed countries.

(vi) Discussion on financial performance with respect to operational performance

The Board of Directors and the Senior Management of the Company in consultation with the holding company, has developed a Financial Model indicating the Financing Structure, Operational Revenues, Costs and resultant effect on balance sheet of the Company.

The Company shall start earning revenues after construction is completed within an estimated time of 30 months from the FY 2018-2019, with liability of repayment of interest and principal starting from April 2018 only, providing adequate financial cushion to the Company for the loan to be taken for ₹ 352 Crores from Holding Company.

Comparative financial position of the Company for the financial year 2014-15 and for the financial year 2015-16 has been represented below:-

**Table I : Comparative Statement of Financial Results
(FY: 15-16 vs. 14-15)**

| Sl. No. | Particulars | Results for FY Ended
31.03.16 | Results for FY Ended
31.03.15 |
|-----------|-----------------------------|----------------------------------|----------------------------------|
| | | Unaudited Figures | Audited Figures |
| 1. | Turnover# | - | - |
| 2. | Other Income | 5,78,32,722 | 10,94,403 |
| 3. | Total Income (1 + 2) | 5,78,32,722 | 10,94,403 |
| 4. | Total Expenses | 17,59,204 | 1,58,64,318 |
| 5. | PBT (3-4) | 5,60,73,518 | (1,47,69,915) |
| 6. | PAT | 3,72,52,769 | (1,08,57,298) |
| 7. | Net Worth | 92,63,95,471 | 3,91,42,702 |

* Note: All Incomes and Expenses have been recorded on Accrual Basis and Current Operational Expenses stands at NIL.

(vii) Material developments in Human Resources, Industrial Relations front, including number of people employed

The Company has appointed the Chief Executive Officer (CEO), Chief Financial Officer (CFO), the Company Secretary for handling the executive functions, financial affairs and mandatory compliances and disclosures of the Company. For technical matters, one Deputy Manager/Civil has been deputed by IRCON into the Company. 13 other employees have been deputed by IRCON into the Company, posted at the Project Site at Bikaner, Rajasthan.

Further, Board approval has been sought for appointment of Accounts Assistant on Contract Basis in IrconPBTL to assist in payments to EPC Contractor, audit and other matters.

Any more appointments shall be done on the basis of requirements arising with Nomination and Remuneration Committee of the Board (on constitution), looking into the essential qualifications and skills and capability parameters, before arriving at any decision.

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

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

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|---|---|
| 1. | CIN | U45400DL2014GOI272220 |
| 2. | Registration Date | 30.09.2014 |
| 3. | Name of the Company | Ircon PB Tollway Limited |
| 4. | Category/Sub-category of the Company | Government Company (Wholly-owned Subsidiary Company of Ircon International Limited) |
| 5. | Address of the Registered office & contact details | C-4, District Centre, Saket, New Delhi -110017 |
| 6. | Whether Listed or Unlisted Company | Unlisted Company |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Not Applicable |

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

| S. No. | Name and Description of Main Products / Services | NIC Code of the Products/Services | % to Total Turnover of |
|--------|--|-----------------------------------|------------------------|
| 1. | Rendering Services in the nature of construction of Project Highway on Bikaner-Phalodi Section (NH-15) in the State of Rajasthan:

Construction Services: Highway Project (Through EPC Contractor) | 42101 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| S. NO | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY / ASSOCIATE | % of Shares held | Applicable Section |
|-------|---------------------------------|-----------------------|---------------------------------|------------------|--------------------|
| 1 | IRCON INTERNATIONAL LIMITED | U45203DL1976GOI008171 | HOLDING COMPANY | 100% * | Sec 2(87) |

* 100%: 100% Shares held by Ircon International Limited (IRCON) and its 6 Nominees.

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

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

A) CATEGORY-WISE SHARE HOLDING:

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2015] | | | | No. of Shares held at the end of the year [As on 31-March-2016] | | | | % Change during the year |
|--|---|----------------|----------------|-------------------|---|-----------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp.# | Nil | 5000000 | 5000000 | 100% | Nil | 90000000 | 90000000 | 100% | 100% |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| (2) Foreign | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoters (A) | Nil | 5000000 | 5000000 | 100% | Nil | 90000000 | 90000000 | 100% | 100% |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

| | | | | | | | | | |
|--|---|---|---|---|---|---|---|---|---|
| g) FII's | - | - | - | - | - | - | - | - | - |
| h) Foreign
Venture Capital
Funds | - | - | - | - | - | - | - | - | - |
| i) Others
(specify) | - | - | - | - | - | - | - | - | - |
| Sub-total
(B)(1):- | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | |
| 2. Non-
Institutions | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual
shareholders
holding nominal
share capital
upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual
shareholders
holding nominal
share capital in
excess of ₹ 1
lakh | - | - | - | - | - | - | - | - | - |
| c) Others
(specify) | - | - | - | - | - | - | - | - | - |
| Non Resident
Indians | - | - | - | - | - | - | - | - | - |
| Overseas
Corporate
Bodies | - | - | - | - | - | - | - | - | - |
| Foreign
Nationals | - | - | - | - | - | - | - | - | - |
| Clearing
Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies
–
D R | - | - | - | - | - | - | - | - | - |
| Sub-total
(B)(2):- | - | - | - | - | - | - | - | - | - |
| Total Public
Shareholding
(B)=(B)(1)+
(B)(2) | - | - | - | - | - | - | - | - | - |

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

| | | | | | | | | | |
|---|------------|---------|---------|------|-----|----------|----------|------|------|
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | Nil | 5000000 | 5000000 | 100% | Nil | 90000000 | 90000000 | 100% | 100% |

Bodies Corporate: 100% Shareholding is with Body Corporate – Ircon International Limited and its 6 Nominees for meeting the statutory requirement of 7 members for incorporating a Public Limited Company. Nominee Shareholders are holding shares merely for fulfillment of the obligations arising under Companies Act, 2013 and its associated rules thereunder.

B) SHAREHOLDING OF PROMOTERS:

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in Shareholding during the Year |
|----|--------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of Total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of Total Shares of the company | % of Shares Pledged / encumbered to Total Shares | |
| 1 | Ircon International Limited \$ | 5000000 | 100% | - | 90000000 | 100% | Nil | 1700% |
| | Total | 5000000 | 100% | - | 90000000 | 100% | Nil | 1700% |

\$ Shareholding of Promoters: Company is wholly-owned subsidiary of Ircon International Limited – with 9,00,00,000 Equity Shares of ₹ 10/- each i.e. Entire Shareholding held by Indian Promoters.

The other 6 shareholders are Nominees of Ircon International Limited as per mandatory requirement for formation of Public Limited Company (PLC).

C) CHANGE IN PROMOTERS' SHAREHOLDING:

| SN | Particulars | Shareholding at the beginning of the Year* | | Cumulative Shareholding during the Year* | |
|----|---|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | At the Beginning of the Year | 5000000 | 100% | 5000000 | 100% |
| 2. | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): | | | | |
| | (a) Date of Allotment: April 29, 2015
Increase in Number of Shares
Class of Shares: Equity Shares | | 100% | 85000000 | 100% |
| 3. | At the End of the Year | 90000000 | 100% | 90000000 | 100% |

* Year: Denotes Financial Year beginning from 1st April to 31st March.

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:

(OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

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

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

| SN | Name of Director(s)# | Shareholding of Each Director(s) and Each Key Managerial Personnel | Shareholding at the beginning of the Year* | | Cumulative Shareholding during the Year* | |
|----|-----------------------|---|--|----------------------------------|--|----------------------------------|
| | | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | Mr. Deepak Sabhlok | At the Beginning of the Year | 100 | 0.002 | 100 | 0.002 |
| 2. | Mr. Anil Jain | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| 3. | Mr. Ashok Kumar Goyal | Date of Allotment: April 29, 2015
Increase in Number of Equity Shares (Shares issued to IRCON) | Nil | Nil | Nil | Nil |
| | | At the End of the Year | 100 | 0.0001 | 100 | 0.0001 |

The Directors of the Company hold shares as Nominees of IRCON (For and on behalf of IRCON INTERNATIONAL LIMITED); nominated by the 100% Holding Company for meeting statutory minimum number of seven members required at the time of incorporation as public limited company (IRCON and its 6 Nominees).

Each Director holds same number of equity shares.

* Year: Denotes Financial Year beginning from 1st April to 31st March.

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

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

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

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

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

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

B. REMUNERATION TO OTHER DIRECTORS:

| SN. | Particulars of Remuneration @ | Name of Directors | | | | Total Amount |
|-----|--|-----------------------|------|------|-----|--------------|
| | | ---- | ---- | ---- | --- | |
| 1 | Independent Directors | | | | | |
| | Fee for attending board committee meetings | | | | | |
| | Commission | | | | | |
| | Others, please specify | | | | | |
| | Total (1) | NOT APPLICABLE | | | | |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending board committee meetings | | | | | |
| | Commission | | | | | |
| | Others, please specify | | | | | |
| | Total (2) | | | | | |
| | Total (B)=(1+2) \$ | NOT APPLICABLE | | | | |
| | Total Managerial Remuneration | NIL | | | | |
| | Overall Ceiling as per the Act | NOT APPLICABLE | | | | |

\$ Executive and Non-Executive Directors: The Company may appoint Executive Directors (Managing Director/Whole Time Director/Manager) on its Board on Holding Company – Ironcon's approval and appointment or nomination, whenever felt necessary thereof. Currently, Company has three Non-Executive Directors on its payroll, drawing Nil Remuneration in terms of Sitting Fees or Commission.

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

| SN | Particulars of Remuneration | Key Managerial Personnel | | | |
|----|---|--------------------------|-----------------|------------|------------|
| | | CEO # | CS | CFO # | Total |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 2,60,402 | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | others, specify... | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | NIL | 2,60,402 | NIL | NIL |

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

Remuneration: Since the remuneration pertains to Financial Year 2015-2016; it stands at NIL for CEO and CFO as their declaration as Key Managerial Personnel was not effective during the said financial year.

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

* NIL Penalties have been levied on Company or its Directors or Other Officers and no punishments have been awarded as such. In relation thereto, nil applications have been filed by any of the Company Representatives for Compounding of Offences under the Companies Act, 2013 or other applicable laws and regulations.

FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto
(For the Financial Year 2015-16)

I) Details of Contracts or Arrangements or Transactions Not At Arm’s Length Basis: NIL

II) Details of Contracts or Arrangements or Transactions At Arm’s Length Basis:

| |
|--|
| Name(s) of the Related Party and Nature of Relationship: IRCON INTERNATIONAL LIMITED |
| HOLDING COMPANY |

| Sr. No. | Nature of contracts or arrangements or transactions | Duration of the contracts or arrangements or transactions | Salient terms of the Contracts or Arrangements or Transactions including the value, if any | Date(s) of approval by the Board, if any: | Amount paid as advances, if any: |
|---------|--|--|--|---|----------------------------------|
| 1. | EPC Agreement
(For Appointing Ircon International Limited as EPC Contractor for execution of project works of construction of four or two lane project highway as per scope of work awarded including development of project facilities) | Estimated Duration: 30 Months
(Period for Construction by EPC Contractor) | The Contract has been executed for a value of ₹ 646 Crores for execution of development of project highway.
Works expenses paid to IRCON for the same during FY: 15-16 amounts to ₹ 53.44 Crores. | January 5, 2015 & April 29, 2015 | NIL (As on Date) |

FORM NO. AOC-2

| Sr. No. | Nature of contracts or arrangements or transactions | Duration of the contracts or arrangements or transactions | Salient terms of the Contracts or Arrangements or Transactions including the value, if any | Date(s) of approval by the Board, if any: | Amount paid as advances, if any: |
|---------|---|---|---|---|----------------------------------|
| 2. | Lease Agreement
(Rent for Use of Office Premises) | Three Years
(2015 to 2018) | IrconPBTl has signed a Lease Agreement with IRCON on 01.10.2015 for a period of 3 years with effect from 01.04.2015 @ ₹ 17,550/- p.m., excluding service tax. | - | NIL
(As on Date) |
| 3. | Recruitment of Company Secretary in FY: 2014-15
(Paid in FY: 2015-16) | NA | Company Secretary Recruitment was affected by IRCON, HRM for the cost of ₹ 5,000/-. | October 29, 2014 | NA |

AKHIL ROHATGI
M.Com. L.L.B. F.C.S.

AKHIL ROHATGI & COMPANY.
Company Secretaries
21, Shamnath Marg, Civil Lines,
Delhi – 110054.
Phone : 011-23926504, 9810690633
Email : rohatgi_co_secy@yahoo.co.in

Draft Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Ircon PB Tollway Limited
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 PB Tollway Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company’s books, papers, minutes books, eforms 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 31st March, 2016 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, minutes books, eforms and returns filed and other records maintained by **Ircon PB Tollway Limited** for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulations) Act, 1999 and the rules made thereunder is not applicable as the shares of Company are not listed with any of the Stock Exchanges

- (iii) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder is not applicable. There were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the period under review.
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable as the shares of Company are not registered with any of the depository mentioned under the said Act.
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable as the shares of Company are not listed with any of the Stock Exchanges.
- (vi) Other applicable Laws, rules and Guidelines as mentioned here-in-below:
 - a. DPE guidelines on Corporate Governance for Central Public Sector Enterprises issued by the 'Department of Public Enterprises', Ministry of Heavy Industries and Public Enterprises, Government of India.
 - b. The Building And Other Construction Workers (Regulation Of Employment And Conditions Of Service) Act, 1996
 - c. Building and Other Construction Workers Welfare Cess Act 1996
 - d. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
 - e. Shops and Establishment Act
 - f. Environmental laws as applicable.
 - g. Labour Laws as Applicable

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India with effect 1st July 2015:

During the period under review, the Company as per explanations and clarifications given to us and representations made by the Management, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except that

1. There was no Independent Director on the Board of the Company as required under DPE guidelines on Corporate Governance for Central Public Sector Enterprises. In the absence of Independent Directors, Audit Committee and Remuneration Committee were not constituted.
2. Key Managerial Personnel viz. Chief Financial Officer was not appointed by the Company and Chief Executive Officer was in position w.e.f. 23.03.2016.
3. Company has not submitted Quarterly Reports and Annual Report to DPE as required under DPE guidelines on Corporate Governance for Central Public Sector Enterprises issued by the 'Department of Public Enterprises'.

We further report that the Board is not duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. During the period under scrutiny, there was no

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

Independent Director and also Executive Director on the Board of Company. It is pointed out that power to appoint Directors on the Board is vested with its Holding Company vij. Ircon International Limited.

Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance.

Further, 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.

As per explanation provided to us majority decision has been carried through.

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 period under review the Company has issued and allotted 8,50,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 85,00,00,000 to the Ircon International Limited.

For Akhil Rohatgi & Co

Akhil Rohatgi
Practicing Company Secretary
FCS No.: 1600
CP No: 2317

Date: 05.09.2016

Place: New Delhi

Date: 5th September, 2016

To,
The Members,
Ircon PB Tollway Limited
C-4, District Centre, Saket, New Delhi -110017

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices, we follow 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 the events etc.
5. The compliance of the provisions of Corporate and other applicable law, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Akhil Rohatgi & Co.

Akhil Rohatgi
Practicing Company Secretary
FCS No.: 1600
CP No.: 2317

Date: 05.09. 2016
Place: New Delhi

REPORT ON CORPORATE GOVERNANCE

COMPANY PHILOSOPHY AND GOVERNANCE

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

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

BOARD OF DIRECTORS

(a) Composition

The Company has a non-executive board with its members as Mr. Deepak Sabhlok, Chairman, Mr. Anil Jain, Director and Mr. Ashok Kumar Goyal, Director. The Board Members have been nominated by the holding company as Non-functional Nominee Directors. They are only entitled to Sitting Fees for attending the Board and Committee Meetings as per the ceiling limits provided in the Companies (Meetings of Board and its Powers) Rules, 2014. Apart from that they are drawing Remuneration from the holding company only with no other pecuniary relationship existing with other subsidiaries or associate or joint venture companies of the Holding Company.

(b) Meetings and Attendance

Six Board Meetings have been held during the financial year 2015-16 in line with the provisions stated in the Companies Act, 2013 and the Companies (Meetings of Board and its Powers) Rules, 2014 read with Guidelines on Corporate Governance issued by the Department of Public Enterprises.

Proper notices were issued alongwith agenda papers being circulated on time. Detailed explanations were offered at the Board and Shareholder Meetings for the perusal of the Directors and Shareholders with structured proposals being presented to address specific issues.

NUMBER OF MEETINGS OF THE BOARD AND THE ATTENDANCE OF DIRECTORS (INDICATING THEIR DIRECTORSHIP OR MEMBERSHIP IN OTHER COMPANIES AND BOARD COMMITTEES)

(i) Number of Meetings of the Board and the Attendance Record

The Board has met for 6 number of times during the previous financial year 2015-2016 as per the provisions of the Companies Act, 2013, Meetings of Board and its Powers, Rules, 2014 and DPE (Corporate Governance) Guidelines 2010 providing for number of meetings to be held during the year and the time gap allowed between two consecutive meetings to be 90 days.

(ii) Number of Meetings of Different Committees (Constituted During the Year) and the Attendance Record

NIL as on date – Applicable from Next Year.

Table V: Details of Board Meetings Convened During the FY 2015-2016

| Sr. No. | Date of Board Meeting | Time Gap w.r.t. Previous Meeting (No. of Days) | No. of Directors Present | No. of Directors Absent |
|---------|-----------------------|--|--------------------------|-------------------------|
| 1. | April 29, 2015 | - | 3 | Nil |
| 2. | July 27, 2015 | 88 | 3 | Nil |
| 3. | August 26, 2015 | 29 | 3 | Nil |
| 4. | November 17, 2015 | 82 | 3 | Nil |
| 5. | Feb 9, 2016 | 83 | 3 | Nil |
| 6. | March 23, 2016 | 42 | 3 | Nil |

(iii) Details of Attendance of Directors and the Directorship or Membership in Boards or Committees thereof

Table VI: Board of Directors Representation at Meetings

| Name and Designation | Number of Meetings of the Board | Number of Board Meetings Attended | No. of Directorship in Companies | | Number of Meetings of Committees of the Board | | Number of Committee Meetings Attended | | No. of Membership/ Chairmanship in Committees of the Board of Different Companies | |
|----------------------|---------------------------------|-----------------------------------|----------------------------------|--------|---|---------------------------|---------------------------------------|---------------------------|---|--------|
| | | | Govt | Others | Audit | Nomination & Remuneration | Audit | Nomination & Remuneration | Govt | Others |

| | | | | | | | | | | |
|---------------------------------|---|---|---|---|----|----|----|----|---|---|
| Mr. Deepak Sabhlok, Chairman | 6 | 6 | 4 | 1 | NA | NA | NA | NA | 3 | - |
| Mr. Anil Jain, Director | 6 | 6 | 3 | - | NA | NA | NA | NA | 2 | - |
| Mr. Ashok Kumar Goyal, Director | 6 | 6 | 3 | 1 | NA | NA | NA | NA | 2 | - |

The Directors of the Company have attended the Board Meetings in a regular manner offering productivity and valuable insights for the organizational functions.

GENERAL MEETINGS

The meetings of shareholders held during the year 2015-16 pertain to only one AGM held on 21.09.2015 and the only EGM held till date was during the financial year 2014-15, as tabulated below:-

Table VII: General Meetings

| Sr. No. | Type of Shareholder Meeting | Date of Meeting | For Transacting | |
|---------|---|--------------------|-------------------|---|
| | | | Ordinary Business | Special Business |
| 1. | First Extraordinary General Meeting (EGM) | February 3, 2015 | NA | Borrowing Powers of Company in excess of paid-up Share Capital and Free Reserves u/s 180(1)(c) of Companies Act, 2013 |
| 2. | First Annual General Meeting (AGM) | September 21, 2015 | Yes | NA |

NA denotes: Not Applicable

CONSTITUTION OF COMMITTEES OF THE BOARD

I. AUDIT COMMITTEE & NOMINATION & REMUNERATION COMMITTEE

The Paid-up share capital of the Company as on 31.03.2015 was ₹ 5 Crores. During the financial year 2015-16, in pursuance of first rights issue effected, the paid-up share capital of the Company increased to ₹ 90 Crores on allotment of 8.50 Crore equity shares to IRCON, at its 9th BoD Meeting held on 29.04.2015. Accordingly, in pursuance of Sec 177 and Sec 178 of the Companies Act, 2013, on paid-up share capital crossing the threshold limit of ₹ 10 Crores, the requirement to constitute the Audit Committee and Nomination and Remuneration Committee, had arisen.

The Board comprising of three nominee directors, ascertained the requirement of having an additional part-time director, having financial expertise, on its Board, for participation in Audit Committee and Nomination and Remuneration Committee Meetings.

IRCON, thereby, nominated Mr. A. K. Singh, General Manager (Corporate Finance), as part-time director on the Board of IrconPBTL vide resolution passed at its 228th Board Meeting held on 23rd June 2016, nominated a part-time director on the Board of IrconPBTL, having financial knowledge. Subsequently, IrconPBTL, having obtained consent from Mr. A. K. Singh, in Form DIR-2, was appointed on the Board on 21st July 2016. The nomination of part-time director having financial knowledge on IrconPBTL’s Board was noted at its 14th BoD Meeting held on 22nd July 2016.

In pursuance of the aforesaid facts, the constitution of the Audit and Nomination Remuneration Committee is under progress and would be formed on approval accorded to the terms of reference for their operation and conduct of meetings during the financial year 2016-17.

II. CSR COMMITTEE

Pursuant to Sec 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014, the constitution of CSR Committee is required on having a Net Profit of ₹ 5 Crores or a Net Worth of ₹ 500 Crore or a turnover of ₹ 1,000 Crore, during the previous financial year.

The Company had incurred losses for the financial year ended 31st March 2015 on account of reimbursement of pre-incorporation expenses and incurrance of administrative expenses, amounting to ₹ 1,47,69,915/- (Net Loss before tax). For the financial year ended 31st March 2016, the Company has made Net Profit before tax amounting to ₹ 5,60,73,518/- as per the audited financial figures. This mandates the constitution of CSR Committee for net profit before tax, exceeding the threshold limit of 5 Crores.

Since the audited annual financial statements of the financial year ended 31st March 2016 are required to be adopted at the Second Annual General Meeting (AGM), the constitution of the CSR Committee would be notified to the Board and constituted on approval accorded to the terms of reference to be adhered to – in terms of the provisions enumerated in the Companies Act, 2013 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Govt. of India (DPE Guidelines).

DISCLOSURES AND STATUTORY COMPLIANCES

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

CERTIFICATE FOR COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

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

The said certificate was obtained from the Practising Company Secretaries (PCS), Arun Kumar Gupta and Associates, Company Secretaries, having office at 1005, Roots Tower, Plot No. 7, District Centre, Laxmi Nagar, Delhi – 110092, for the Financial Year 2015-16, and is attached herewith as **ANNEXURE – V(I).**

ARUN KUMAR GUPTA & ASSOCIATES
Company Secretaries

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE GUIDELINES OF DEPARTMENT OF PUBLIC ENTERPRISES (DPE), 2010

To
The Members of
Ircon PB Tollway Limited
C-4, District Centre, Saket,
New Delhi – 110017

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2016, by Ircon PB Tollway Limited, a Government Company under section 2(45) of the Companies Act, 2013 (corresponding sections 2(18) and 617 of the Companies Act, 1956), as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).

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

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

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

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

In our opinion and to the best of our information and on the basis of our review and according to the information and explanation given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance in all material respects as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE). Although certain matters require to be emphasized for future compliance as specified below:-

- (i) Constitution of Statutory Committees of the Board in terms of Companies Act, 2013 read with Corporate Governance Guidelines issued by DPE, 2010 viz. Audit Committee and Remuneration Committee;
- (ii) Board composition consists of Non-executive Board only, consisting of four non functional, nominee Directors nominated by its Holding Company i.e. Ircon International Limited. However there was no Independent Director on the Board.
- (iii) Appointment of Key Managerial Personnel (KMP) in pursuance of provisions of the Companies Act, 2013.

We further report that company has not submitted Quarterly Reports and Annual Report to DPE as required under DPE guidelines on Corporate Governance.

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

**For Arun Kumar Gupta & Associates
Company Secretaries**

(Arun Kumar Gupta)
FCS - 5551
CP No- 5086

Place: New Delhi
Date: 23.08.2016

ANNEXURE – VI

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER CERTIFICATION

We have reviewed the Financial Statements including the Balance Sheet, Statement of Profit And Loss and the Cash Flow Statement for the Financial Year 2015-2016 and to the best of our knowledge and belief:-

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
- (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iii) These are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal, or violative of the Company’s General Code of Conduct as agreed to be followed by the Directors and Senior Management of the Company.
- (iv) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditors deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to rectify these deficiencies.
- (v) We have indicated to the Auditor any changes in Accounting Policies that may have been effected during the year, and that the same have been disclosed in the Notes to the Financial Statements; and
- (vi) There was no instance of fraud of which we are aware nor there has been involvement of the Management or an employee having a significant role in the Company’s internal control system over financial reporting.

Sd/-
Mr. A K Singh
Chief Executive Officer (CEO)

Sd/-
Ms. Tanjit Kaur
Chief Financial Officer (CFO)

Date: 05.06.2016
Place: New Delhi

**STATUTORY AUDITORS
REPORT
(FY: 15-16)**

**INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF
IRCON P B TOLLWAY LIMITED, NEW DELHI**

1. Report on the Financial Statements

We have audited the accompanying financial statements of IRCON P B TOLLWAY LIMITED (“the Company”) which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management’s Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

3. Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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.

In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes

evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company’s Directors, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) of the state of affairs of the Company as at March 31st 2016,
- (b) its profit for the year ended on that date, and
- (c) its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

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

- (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 Act, we give in the “**Annexure A**” a statement on the matters specified in paragraphs 3 of the Order.
- (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 purpose of audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) 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**”.
 - f) 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 explanation given to us:
 - a) The Company has not have any pending litigations which impact it’s financial position .
 - b) The Company did not have any long-term contracts including derivative contracts for

HIGHWAY PROJECT – PARTNERING IN INDIA’S GROWTH

which there were any material foreseeable losses.

- c) 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 and sub-directions issued by comptroller and Auditor General of India, we report that:

| Sl. No. | Directions | Auditor's Replies |
|---------|---|---|
| (i) | Whether the company has clear title/ lease deed for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available. | Company does not have freehold/ leasehold land and hence this clause is not applicable. |
| (ii) | Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved. | There is no waiver/write off of debts/loans/interest etc. during the year. |
| (iii) | Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities. | The Company do not have any inventory on the reporting date hence this clause is not applicable.

No assets have been received as gift from Govt. or other authorities during the FY 2015-16. |
| (iv) | A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given. | There is no pending legal / arbitration cases. |

For Praveen Aggarwal & Co.
Chartered Accountants
F R N.: 000044N

Rahul Aggarwal
Partner
Membership No.: 501642

Place: New Delhi
Date: 10/ 06 /2016

Annexure A to Independent Auditors’ Report

Referred to in paragraph 5(1) of the Independent Auditors’ Report of even date to the members of IRCON PB TOLLWAY LIMITED on the financial statements for the year ended 31st March 2016

- i.
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The fixed assets were physically verified by the management during the year. There is a regular programme 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. The company does not own any immovable properties, the provision of Clause 3(i) (c) of the said Order is not applicable to the Company.
- ii. The Company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company
- 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. Thus, the requirements under para 3(iii) (a) & (b) of the Companies (Auditor’s Report) Order 2015 are 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 maintenance of Cost Records as required under section 148(1) of the Companies Act, 2013 are not applicable to the Company.
- vii.
 - a. The Company is generally regular in depositing undisputed statutory dues including provident fund, income tax, valued added tax, service-tax, cess and any other statutory dues applicable with the appropriate authorities. According to the information and explanation given to us, there are no undisputed statutory dues which were outstanding as on 31st March 2016 for a period of more than six months from the date the same become payable.
 - b. According to information and explanation given to us, and as per our examination of records of the Company, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, duty of customs, and duty of excise or value added tax or cess which have not been deposited on account of any dispute.

- c. There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act and the rules made thereunder.
- viii. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any money by initial public offer, further public offer or debt instrument during the year. Accordingly, the provisions of Clause 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. According to the information and explanations given to us, the provisions of section 197 read with Schedule V to the Companies Act, 2013 have been complied for.
- xii. The Company is not a Nidhi Company as specified in the Nidhi Rules, 2014. Thus, the requirements under para 3(xii) of the Order 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 etc., 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 Praveen Aggarwal & Co.
Chartered Accountants
F R N.: 000044N

Rahul Aggarwal
Partner
Membership No.: 501642

Place: New Delhi
Date: 10/ 06 /2016

Annexure B to Independent Auditors' Report

Referred to in paragraph 5 (2) (e) of the Independent Auditors' Report of even date to the members of IRCON PB TOLLWAY LIMITED on the financial statements for the year ended 31st March 2016

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 P B Tollway Limited as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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, 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, 2016, 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.

For Praveen Aggarwal & Co.
Chartered Accountants
F R N.: 000044N

Rahul Aggarwal
Partner
Membership No.: 501642

Place: New Delhi
Date: 10/ 06 /2016

**ANNUAL
FINANCIAL STATEMENTS
OF
IRCON PB TOLLWAY LTD.
(FY: 2015-16)**

BALANCE SHEET as at 31st March 2016

(Figure in INR)

| Particulars | | Note No. | As at 31st March 2016 | | As at 31st March 2015 | |
|----------------------------------|--|----------|-----------------------|----------------------|-----------------------|--------------------|
| I. EQUITY AND LIABILITIES | | | | | | |
| 1 | Shareholders' funds | | | | | |
| | (a) Share capital | 2 | 900,000,000 | | 50,000,000 | |
| | (b) Reserves and surplus | 3 | 26,395,471 | | (10,857,298) | |
| | | | | 926,395,471 | | 39,142,702 |
| 2 | Share Application Money Pending Allotment | 4 | - | - | 850,000,000 | 850,000,000 |
| 3 | Current liabilities | | | | | |
| | (a) Trade payables | 5 | 218,136,074.00 | | - | |
| | (b) Other current liabilities | 6 | 50,581,992.00 | | 33,500 | 33,500 |
| | (c) Short Term Provision | 7 | 7,054,382.00 | | - | |
| | | | | 275,772,448 | | |
| | TOTAL | | | 1,202,167,919 | | 889,176,202 |
| II. ASSETS | | | | | | |
| 1 | Non-current assets | | | | | |
| | (a) Fixed Assets | | | | | |
| | - Fixed Assets | 8 | 33,723 | | 1 | |
| | - Intangible Assets under Development * | 9 | 458,924,534 | | - | |
| | (b) Deferred Tax Asset | 10 | 3,142,923 | | 3,912,617 | |
| | (C) Loans and advances | 11 | 417,279 | | - | |
| | (d) Other Non Current Assets | | - | | - | |
| | | | | 462,518,458 | | 3,912,618 |
| 2 | Current assets | | | | | |
| | (a) Cash and Bank balances | 12 | 638,130,369 | | 884,223,552 | |
| | (b) Trade Receivables | | - | | - | |
| | (c) Short term loans and advances | 13 | 3,625,414 | | 109,440 | |
| | (d) Other Current Assets | 14 | 97,893,678 | | 930,592 | |
| | | | | 739,649,461 | | 885,263,584 |
| | TOTAL | | | 1,202,167,919 | | 889,176,202 |
| III. | Significant Accounting Policies | 1 | | | | |
| IV. | Notes forming part of Financial Statements | 18 | | | | |

As per our Report of even date attached

For and on behalf of IRCON PB TOLLWAY Limited

For Praveen Aggarwal & Co

Chartered Accountants
FRN 000044N

Anil Jain
Director
DIN: 05283217

A K Goyal
Director
DIN 05308809

Deepak Sabhlok
Director
DIN 03056457

Rahul Aggarwal
Partner
M. No. 501642

Tanjit Kaur
(Chief Financial Officer)

Ajay Kumar Singh
(Chief Executive Officer)

Shudodhani
(Company Secretary)

Place : New Delhi
Date : 10th June 2016

HIGHWAY PROJECT – PARTNERING IN INDIA'S GROWTH

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Figure in INR)

| | Note No. | Year ended
31.03.2016
(Rupees) | For the period
ended from
30.09.2014 to
31.03.2015
(Rupees) |
|--|----------|--------------------------------------|---|
| 1. Revenue from operations | | - | - |
| 2. Other income | 15 | 57,832,722 | 1,094,403 |
| 3. Total Revenue | | 57,832,722 | 1,094,403 |
| 4. Expenses | | | |
| a. Cost of materials consumed | | - | - |
| b. Purchase of Stock-in-Trade | | - | - |
| c. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | | - | - |
| d. Employee benefits expense | | - | - |
| e. Financial costs | 16 | 787,941 | - |
| f. Depreciation and amortization expense | | - | 18,499 |
| g. Other expenses | 17 | 971,263 | 15,845,819 |
| Total Expenses | | 1,759,204 | 15,864,318 |
| 5. Profit before tax | | 56,073,518 | (14,769,915) |
| 6 Tax expense | | | |
| a. Current tax | | 18,051,055 | - |
| b. Prior period tax adjustment | | - | - |
| c. Deferred tax charge/ (credit) | | 769,695 | (3,912,617) |
| | | 18,820,749 | (3,912,617) |
| 7. Profit after tax | | 37,252,769 | (10,857,298) |
| 8. Basic per share (of Rupees 10 each) | | 0.45 | (2.17) |
| Diluted earnings per share (of Rupees 10 each) | | 0.45 | (0.12) |

See accompanying notes forming part of the financial statements

1-18

In terms of our report attached

For Praveen Aggarwal & Co.
Chartered Accountants
FRN : 000044N

For and on behalf of IRCON PB TOLLWAY Limited

Anil Jain
Director
DIN: 05283217

A K Goyal
Director
DIN 05308809

Deepak Sabhlok
Director
DIN 03056457

Rahul Aggarwal
Partner
M.NO - 501642
Place: New Delhi
Date 10th June 2016

Tanjit Kaur
(Chief Financial Officer)

Ajay Kumar Singh
(Chief Executive Officer)

Shudodhani
(Company Secretary)

HIGHWAY PROJECT – PARTNERING IN INDIA'S GROWTH

Cash Flow Statement For the year ended 31st March 2016

(Figure in INR)

| | | 2015-16 | | 2014-15 | |
|---|------------------|----------------------|--------------------|---------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| Net Profit before taxation & extraordinary items | | 56,073,518 | | (14,769,915) | |
| Adjustment for : | | | | | |
| Depreciation, amortization and impairment | | - | | 18,499 | |
| Interest Income | | (57,832,722) | | (1,094,403) | |
| Interest expense on short payment of advance tax | | 787,941 | | - | |
| Operating Profit before working capital changes | (1) | (971,263) | | (15,845,819) | |
| Adjustment for : | | | | | |
| Decrease / (Increase) in Trade Receivables / Loans & Advances | | (3,933,253) | | (109,440) | |
| Decrease / (Increase) in Inventories | | - | | - | |
| Decrease / (Increase) in Other Assets | | (96,963,086) | | - | |
| (Decrease) / Increase in Trade Payables | | 218,136,074 | | - | |
| (Decrease) / Increase in Other Liabilities & Provisions | | 50,548,492 | | 33,500 | |
| (Decrease) / Increase in Short term Provisions | | - | | - | |
| | (2) | 167,788,227 | | (75,940) | |
| Tax paid | (3) | (11,784,613) | | | |
| Cash generated from operation | (1+2-3) | 155,032,351 | | (15,921,759) | |
| NET CASH FROM OPERATING ACTIVITIES | (A) | 155,032,351 | | (15,921,759) | |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Purchase of Fixed Assets including Capital WIP | | (458,958,256) | | (18,500) | |
| Interest Received | | 57,832,722 | | 163,811 | |
| NET CASH FROM INVESTING ACTIVITIES | (B) | (401,125,534) | | 145,311 | |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Share Capital | | 850,000,000 | | 50,000,000 | |
| Share Application Money | | -850,000,000 | | 850,000,000 | |
| NET CASH FROM FINANCING ACTIVITIES | (C) | - | - | 900,000,000 | 900,000,000 |
| Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents | (D) | | | | - |
| NET INCREASE IN CASH & CASH EQUIVALENT | (A+B+C+D) | -246,093,183 | | 884,223,552 | |
| CASH AND CASH EQUIVALENT (OPENING) | (E) | | 884,223,552 | | - |
| CASH AND CASH EQUIVALENT (CLOSING) | (F) | | 638,130,369 | | 884,223,552 |
| NET INCREASE IN CASH & CASH EQUIVALENT | (F - E) | -246,093,183 | | 884,223,552 | |

Note:

- The Cash Flow Statement has been prepared using the Indirect method as specified in Accounting Standard - 3.
- Cash and cash equivalents consist of cash in hand and balances with banks.
- Figures in brackets represent outflow of cash.

As per our Report of even date attached

For and on behalf of IRCON PB TOLLWAY Limited

For Praveen Aggarwal & Co
Chartered Accountants
FRN 000044N

Anil Jain
Director
DIN: 05283217

A K Goyal
Director
DIN 05308809

Deepak Sabhlok
Director
DIN 03056457

Rahul Aggarwal
Partner
M. No. 501642

Tanjit Kaur
(Chief Financial Officer)

Ajay Kumar Singh
(Chief Executive Officer)

Shudodhani
(Company Secretary)

Place : New Delhi
Date : 10th June 2016

NOTES TO ACCOUNTS

Note 1

I. SIGNIFICANT ACCOUNTING POLICIES – IRCON PB TOLLWAY LIMITED (IrconPBTL)

(i) Corporate Information

IrconPBTL ((CIN) U45400DL2014GOI272220) is a wholly owned subsidiary of Ircon International Limited ('IRCON'). The Company came into existence when IRCON incorporated IrconPBTL on 30.09.2014 on account of work awarded by NHAI for widening and strengthening of the existing Bikaner – Phalodi Section to 4 lane from Km. 4.200 to Km. 55.250 and 2 Lane with Paved shoulder from Km. 55.250 to Km. 163.50 of NH 15 in the state of Rajasthan on DBFOT (Design, Built, Finance, and Operate & Transfer) basis in accordance with the terms and conditions in the concession agreement signed with NHAI. In pursuant to the provisions of 'Request for Proposal', the selected bidder 'IRCON' formed IrconPBTL as Special Purpose Vehicle (SPV). The Company has filed application for obtaining Certificate of Commencement of Business to MCA on 10th Oct 2014 in form no INC 21 and got approval on 14th Nov'2014. Accordingly, SPV has signed the Concession Agreement with NHAI on 7th Nov 2014. As per provisions of Concession Agreement Article 24, clause 24.1, the Concessionaire is obliged to achieve financial close within 180 days from the date of agreement so that NHAI may notify the date of appointment, known as Appointed Date before physical commencement of the project. The financial close was completed by concessionaire during the financial year 2015-16; accordingly, the appointed date was fixed by NHAI on 14th Oct 2015. The concession period of 26 years including construction period commenced on 14th Oct 2015 on Appointed Date notified by the NHAI. NHAI is to provide Viability Gap Fund (VGF) of Rs.327.00 crores as per provisions of the concession agreement.

(ii) Basis of Preparation

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

The financial statements are reported in Indian rupees except where otherwise stated.

(iii) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the

financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(iv) Fixed assets

Tangible Assets

- a. Tangible assets are stated at historical cost less accumulated depreciation and impairment loss, if any.
- b. The machinery spares which can be used only in connection with an item of Tangible asset and whose use is expected to be irregular are capitalized & depreciated/amortized over the balance life of such Tangible assets.
- c. Incidental expenditure during construction period incurred up to the date of commissioning is capitalized.

Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at historical cost less accumulated amortization and impairment loss, if any.

Intangible assets - Toll collection rights obtained in consideration for rendering construction services represent the right to collect toll revenue during the concession period in respect of DBFOT (Design, Built, Finance, and Operate & Transfer) projects undertaken by the company. Toll collection rights are capitalized as intangible asset till the completion of the project, the same is recognized as intangible assets under development.

(v) Cash and Bank Balances

Cash and bank balances comprise of cash at bank, cash in hand, cheques in hand, demand deposits and bank deposits with maturity period upto 12 months from balance sheet date.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and bank balances, cheques in hand and demand deposits net of bank overdrafts.

(vi) Accounting for Preliminary and other expenses

All expenditure including general administrative overhead, consultancy charges etc are charged to statement of Profit and Loss as and when incurred.

(vii) Other Income

Interest on deposits with bank is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(viii) Depreciation & Amortisation

Tangible Assets

- a. Depreciation on Tangible assets is provided on Straight Line basis (SLM) over the useful life of the assets as specified in Schedule II of the Companies Act, 2013

- b. In case of leasehold land (other than perpetual lease) and leasehold property, depreciation is provided proportionately over the period of lease.
- c. Tangible Assets acquired during the year, individually costing up to Rs. 5000/- are fully depreciated, by keeping Re. 1 as token value for identification.

Intangible Assets

Software cost exceeding Rs. 25 lakhs each is amortised over a period of 36 months on straight line basis from the date of successful commissioning of the software subject to review at each financial year end. Software cost up to Rs. 25 Lakhs in each case is fully amortised in the year of purchase, by keeping Re. 1 as token value for identification

(ix) Taxes

- a. Taxes including current income tax are computed using the applicable tax rates and tax laws. Liability for additional taxes, if any, is provided / paid as and when assessments are completed.
- b. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.
- c. Deferred income tax is computed using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(x) Segment Reporting

The Company does not have any reportable business segments. Operations of the Company do not qualify for reporting as geographic segments, as per the criteria set out under Accounting Standard 17 on Segment reporting.

(xi) Contingent Liabilities and Contingent Assets

- a. Contingent Liabilities are disclosed in either of the following cases:
 - i. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or
 - ii. a reliable estimate of the present obligation cannot be made; or
 - iii. a possible obligation, unless if the probability of outflow of resource is remote.
- b. Contingent Assets are neither recognised, nor disclosed.
- c. Contingent Liability and Provisions needed against Contingent Liability and Contingent Assets are reviewed at each balance sheet date.
- d. Contingent Liability is net of estimated provisions considering possible outflow on settlement.

(xii) Employee Benefits

- a. Short Term Employee Benefits
The undiscounted amount of short term employee benefits expected to be paid for the services rendered are recognized as an expense during the period when the employees render the services.

b. Post-employment benefits & other long term Employee Benefits

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

(xiii) Prior period adjustment and extraordinary items

Income/expenditure relating to prior period and prepaid expenses not exceeding Rs. 1,00,000/- in each case are treated as income/expenditure of the current year.

(xiv) Earnings Per Share

In determining basic earnings per share, the company considers the net profit attributable to equity shareholders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. In determining diluted earnings per share, the net profit attributable to equity shareholders and weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares

Note 2

2 Share capital

(Figure in INR)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|--|-----------------------|-----------------------|
| Authorized
17,50,00,000 Equity shares of Rs 10 each | 1,750,000,000 | 1,750,000,000 |
| Issued, Subscribed & Paid-up
90,000,000 Equity shares of Rs 10 each-fully paid | 900,000,000 | 50,000,000 |
| TOTAL | 900,000,000 | 50,000,000 |

i) Distribution of number of shares held:

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|-----------------------------|-----------------------|-------------|-----------------------|-------------|
| | No. of Shares | % age | No. of Shares | % age |
| IRCON INTERNATIONAL LIMITED | 900,000,000 | 100.000% | 5,000,000 | 100.000% |
| Total | 900,000,000 | 100% | 5,000,000 | 100% |

ii) Shares issued other than cash

No bonus shares issued

iii) Terms/rights attached to shares:

(a) Voting

The Company has only one class of equity shares having a par value of Rs10 per share. Each holder of equity share is entitled to one vote per share.

(b) Dividends

No dividend is proposed as Company has not yet started its commercial operations.

(c) 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.

iv) Reconciliation of the number of equity shares and share capital:

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|-----------------------|--------------------|-----------------------|-------------------|
| | No. of Shares | Rs | No. of Shares | Rs |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | 5,000,000 | 50,000,000 | - | - |
| Add: Shares issued during the year # | 85,000,000 | 850,000,000 | 5,000,000 | 50,000,000 |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year | 90,000,000 | 900,000,000 | 5,000,000 | 50,000,000 |

The company has issued 8,50,00,000 equity shares of Rs 10 each to IRCON International Limited (Holding Company) as on 29.04.2015

Note 3

3 Reserves and surplus

(Figure in INR)

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|-----------------------|-------------------|-----------------------|---------------------|
| | | | | |
| Profit/Loss | | | | |
| Opening Balance | (10,857,298) | | - | - |
| Add:- Profit/(Loss) earned for the year | 37,252,769 | | (10,857,298) | |
| Less:- Appropriations during the year | | | | |
| Closing Balance | | 26,395,471 | | (10,857,298) |
| Total | | 26,395,471 | | (10,857,298) |

Note 4

4 Share Application Money Pending Allotment

(Figure in INR)

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|-----------------------|----------|-----------------------|-------------------|
| | Rs | | Rs | |
| Share Application Money Pending Allotment | | - | | 85,000,000 |
| TOTAL | | - | | 85,000,000 |

(i) Reconciliation of the number of Equity Shares application money received and pending for allotment

| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
|---|-----------------------|-------|-----------------------|---------------|
| | No. of Shares | % age | No. of Shares | % age |
| Opening Bal | 85,000,000 | 100% | | |
| Add : Share Application Money Pending Allotment | - | - | 85,000,000 | 100.0% |
| Less : Share Issued | 85,000,000 | -100% | - | - |
| Total | - | | 85,000,000 | 100.0% |

Note 5

5 Trade payables

(Figure in INR)

| Particulars | Foot Note | As at 31st March 2016 | As at 31st March 2015 |
|--|-----------|-----------------------|-----------------------|
| Trade Payables | | | |
| - Others | | | |
| (a) Related Parties-IRCON EPC Contractor | | 218,136,074 | |
| Total | | 218,136,074 | - |

Note 6

6 Other current liabilities

| Particulars | Foot Note | As at 31st March 2016 | | As at 31st March 2015 | |
|---|-----------|-----------------------|-------------------|-----------------------|---------------|
| Audit Fees and others | | | | | |
| (a) Statutory audit fee | | 52,250 | | 28,500 | 28,500 |
| (b) Internal audit fee | | 17,175 | | - | |
| | | | 69,425 | | |
| TDS Payable | | 10,959,592 | | | |
| | | | 10,959,592 | | |
| VAT Payable | | 32,061,762 | | | |
| | | | 32,061,762 | | |
| Other Statutory dues-Workers Welfare | | 5,343,628 | | | |
| | | | 5,343,628 | | |
| Salary & Wages Payable | | 11,128 | | | |
| | | | 11,128 | | |
| Others payable | | | | | |
| (a) Related Parties-IRCON Holding Company | | 2,088,726 | | - | |
| (b) Others payable | | 47,731 | | 5,000 | 5,000 |
| | | | 2,136,457 | | |
| Total | | | 50,581,992 | | 33,500 |

Note 7

7 Short Term Provision

| Particulars | Foot Note | As at 31st March 2016 | As at 31st March 2015 |
|--|-----------|-----------------------|-----------------------|
| Provision for income tax (Net of Advance tax & TDS Rs. 1,17,84,613 previous Nil) | | 7,054,382 | - |
| Total | | 7,054,382 | - |

Note 8

8 FIXED ASSETS

Year end date
Depriate

| SI NO | PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | | | |
|-------|--------------------------|----------------------------|----------------------------------|------------------|---------------|------------------------------|--------------------------|---------------------|-----------------------------|-------------|-----------------------|----------------------------|----------------------------|
| | | Gross Block AS ON 1/4/2015 | ADDITIONS DURING THE YEAR 2015-6 | SALES/ WRITE OFF | ADJUST- MENTS | Gross Value AS ON 31/03/2016 | Cumulative As on 1/04/15 | FOR THE YEAR 2015-6 | ON SALE / WRITE OFF (+)/(-) | ADJUSTMENTS | TOTAL UPTO 31/03/2016 | Net Block as on 31/03/2016 | Net Block as on 31/03/2015 |
| 1 | Tangible Assets | | | | | | | | | | | | |
| | Computer | - | 47,775 | | | 47,775 | | 14,053 | | | 14,053 | 33,722 | |
| 2 | Intangible Assets | | | | | | | | | | | | |
| | Tally Software | 18,500 | - | - | - | 18,500 | 18,499 | - | - | - | 18,499 | 1 | 1 |
| | Total | 18,500 | 47,775 | - | - | 66,275 | 18,499 | 14,053 | - | - | 32,552 | 33,723 | 1 |

Depreciation amounting to Rs.14,053/-(previous year Rs.NIL) has been charged to project.

Foot Notes:-

i) Fixed assets held for disposal included in sales/adjustment column and transferred to other current assets at Net Book value:-

| Block of assets | As at March 2016 | |
|-----------------|------------------|-----------|
| | Gross Block | Net Block |
| Nil | - | - |
| Total | - | - |

ii) Depreciation, amortization and impairment for the year debited to Statement of Profit and Loss are as follows:-

| Description | 2015-16 |
|--|---------|
| Depreciation on Tangible & Intangible Assets | - |
| Capital Work in Progress | - |
| Depreciation on Investment Property | - |
| Total | - |

Note 9

(Figure in INR)

| 9 Intangible Assets under Development | | | | |
|---------------------------------------|-----------------------|--------------------|-----------------------|----------|
| Particulars | As at 31st March 2016 | | As at 31st March 2015 | |
| Opening Balance | | - | | |
| Additions during the year: | | | | |
| EPC contractor Cost | 446,450,703 | | - | |
| Utilities Shifting Cost | 87,912,000 | | - | |
| Employee Cost | 6,505,671 | | - | |
| Consultancy & Inspection Charges | 3,963,465 | | - | |
| Insurance | 1,302,133 | | - | |
| Rent (Non Residential) | 235,438 | | - | |
| Bank Charges & Other Charges | 227,283 | | - | |
| Legal & Professional Exp | 127,949 | | - | |
| Rates & Taxes | 54,299 | | - | |
| Travelling And Convenyance | 41,166 | | - | |
| Depreciation On Tangible Assets | 14,053 | | - | |
| Printing & Stationery | 2,074 | | - | |
| Misc. Operating Expenses | 300 | | - | |
| | | 546,836,534 | - | - |
| Less:- | | | | |
| Amount receivable but not billed | | 87,912,000 | | - |
| TOTAL | | 458,924,534 | | - |

Note 10

10 Deferred Tax Asset

(Figure in INR)

| Particulars | As at 1-04-2015 | Addition (Deletion) during the year | As at 31-03-2016 | As at 31-03-2015 |
|--|------------------|-------------------------------------|------------------|------------------|
| <u>Asset</u> | | | | |
| Provision for : | | | | |
| - Other Expenses | 3,912,617 | (774,525) | 3,138,092 | 3,912,617 |
| <u>Liability</u> | | | | |
| Excess of depreciation provided in Income Tax Act over allowable under Companies Act | - | 4,831 | 4,831 | - |
| Net Deferred Tax Asset / (Liability) | 3,912,617 | (769,695) | 3,142,923 | 3,912,617 |

Note 11

11 Non Current Assests-Loans and advances

(Figure in INR)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|----------------------------|-----------------------|-----------------------|
| Unsecured, considered good | | |
| Staff / Vehicle Advance | 417,279 | - |
| Total | 41 | - |

Note 12

12 Cash & Bank balances

(Figure in INR)

| Particulars | As at 31st March 2016 | | As at 31st March 2015 |
|--|-----------------------|--------------------|-----------------------|
| Cash and cash equivalents | | | |
| a) Balances with banks : | | | |
| - In Escrow account | 14,668,098 | | |
| - In Construction Fund account | 208,740 | | |
| - In Current account | 499,708 | | |
| | | 15,376,546 | 850,669,181 |
| b) Other bank balances | | | |
| - In Fixed deposits (with a maturity period of less than 3 months) | | 622,753,823 | 33,554,371 |
| Total | | 638,130,369 | 884,223,552 |

Note 13

13 Short term loans and advances

(Figure in INR)

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|-----------------------------------|-----------------------|-----------------------|
| Unsecured, considered good | | |
| TDS / Advance Tax | - | 109,440 |
| Staff / Vehicle Advance | 148,337 | |
| Security Rent | 35,000 | |
| Prepaid Exp - Insurance | 3,442,077 | |
| Total | 3,625,414 | 109,440 |

Note 14

14 Other current assets

| Particulars | As at 31st March 2016 | As at 31st March 2015 |
|---------------------------------------|-----------------------|-----------------------|
| Interest Accrued - But not due on FDR | 9,981,678 | - |
| Receivable but not billed | 87,912,000 | |
| Total | 97,893,678 | - |

Note 15

(Figure in INR)

15 Other Income

| Particulars | year ended
31st March 2016 | for the period from 30.09.2014 to
31.03.2015 |
|-------------------------------|-------------------------------|---|
| Bank Interest Gross | 57,827,802 | 1,094,403 |
| Interest on Income tax refund | 4,920 | |
| TOTAL | 57,832,722 | 1,094,403 |

| Note 16 | Year ended
31.03.2016 | for the period
ended from
30.09.2014 to
31.03.2015 |
|---|----------------------------------|---|
| Note 16 - Finance Cost | | |
| a. Interest expense on short payment of advance tax | 787,941 | - |
| | 787,941 | - |
| Note 17 | | |
| Note 17 - Other expenses | | |
| a. Audit Fee | 74,425 | 28,500 |
| b. Misc Exp | 50 | 66 |
| c. Stamp duty exp | 896,788 | - |
| d. Preliminary Exp w/off | - | 15,811,553 |
| e. Recruitment Exp | - | 5,000 |
| f. Bank Charges | - | 700 |
| | 971,263 | 15,845,819 |
| Note: | | |
| Breakup of Audit fee (Inclusive of Service Tax) as follows: | | |
| a. Statutory audit fees | 57,250 | 28,500 |
| b. Internal Audit Fee | 17,175 | - |
| | 74,425 | 28,500 |

Note 18

18. NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES

i. Contingent liability (To the extent not provided for):

- Claims against the company not acknowledged as debt - **Rs. Nil.**
- Commitment: The Company has **Rs. 601.36 Crore (P.Y NIL)** as Capital Commitment and Other Commitments **Rs NIL (P.Y NIL)** related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

ii. Earnings Per Share (EPS)

The earnings considered in ascertaining the Company's EPS comprises the profit available for shareholders (i.e. profit after tax and statutory/ regulatory appropriations). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

| Particulars | Units | Year ended
31.03.2016 | For the period ended form
30.09.2014 to
31.03.2015 |
|---|---------|--------------------------|--|
| <u>Basic and diluted</u> | | | |
| Net profit / (loss) for the year (A) | Rupees | 37,252,769/- | (108,57,298/-) |
| Weighted average number of equity shares for Basic EPS (B) | Numbers | 83,265,027 | 50,00,000 |
| Weighted average number of equity shares for Diluted EPS (C) | Numbers | 83,265,027 | 90,000,000 |
| Earnings per share – Basic (A/B) | Rupees | 0.45 | -2.17 |
| Earnings per share – Diluted (A/C) | Rupees | 0.45 | -0.12 |

- iii.** The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence

disclosures, if any, relating to amounts unpaid as at the yearend together with interest paid/ payable as required under the Act have not been given. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

- iv. The company has not engaged any supplier of small scale industrial unit. Based on this information, amount due to small scale industrial undertaking, which is outstanding for more than 30 days as on 31st March 2016 is **Nil**.
- v. The employees in the Company are posted on nomination/ secondment basis from IRCON (Holding Company) to IPBTL. The employee related emoluments etc are paid as per norms and procedures of IRCON International Limited from Apr'15 to Mar'16.
- vi. **Employee Benefits(Disclosure under AS-15)**
The employees working for Ircon PB Tollway Limited are posted on deputation / secondment and are on the rolls of Ircon International Limited, the Holding Company. Their PF contributions, pension contributions, gratuity, leave encashment and other retirement benefits have been accounted for on the basis of invoices / debit advises from its holding company. The provision for gratuity and other retirement benefits of employees on deputation in terms of AS-15 (Revised) is being made by its Holding Company as per its accounting policies.

Provident fund contribution and pension contribution of the employees on deputation has been regularly deposited by the holding company with its P. F. Trust.
- vii. There are **Nil** cases of imports and foreign currency expenditure incurred during the year and therefore the disclosure of the CIF value of the imports and foreign currency expenditure is not applicable.
- viii. The advances (i.e House Building advance, Multipurpose advance and Vehicle Advance etc) given to Employees by Ircon International Limited (Holding company) had also been transferred to Ircon PB TOLLWAY Limited for recovery purpose only on their nomination/ secondment to IPBTL. No funds of IPBTL had been utilized for the advances to employees. Thus, the interest accrued on the advances given to employees are shown as amount payable to IRCON.
- ix. **Segment Reporting (Disclosure under AS-17)**
The Company does not have any reportable business segments. Operations of the Company do not qualify for reporting as geographic segments, as per the criteria set out under Accounting Standard 17 on Segment reporting.

- x. As per Concession Agreement entered with NHAI, Company need to undertake the work of shifting of utility including electric lines, water pipes and telephone cables, if such utility cause a material adverse effect on the construction, operation and maintenance of the project. The cost of shifting of such utility shall be borne by the Authority (NHAI) or by the entity owing the utility.

The Company has paid a sum of Rs 87,912,000 provisionally towards shifting of utilities (electric lines), which were shifted by the EPC Contractor. The amount is indicated in financial statements in ‘Other Currents Assets’ as Recoverable from NHAI as the bills for shifting of such utility are yet not raised on NHAI, pending rate approval from NHAI.

xi. Related Party Disclosure:

In view of the exemption granted to state controlled enterprises as regards related party relationship with other state controlled enterprises and transaction with such enterprises, no such disclosure under the Accounting Standard (AS-18) on Related party Disclosure is required.

- xii. The operating cycle of the Company has been considered as one years for the purpose of current and non-current classification in the financial statements.
- xiii. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date attached

For Praveen Aggarwal & Co
Chartered Accountants
FRN- 000044N

For and on behalf of Board of Directors

CA .Rahul Aggarwal
Partner
M. No. 501642

Anil Jain
Director
DIN 05283217

A K Goyal
Director
DIN 05308809

Deepak Sabhlok
Director
DIN 03056457

Place: New Delhi
Date : 10th June 2016

(Tanjit Kaur)
Chief Financial Officer

(Ajay Kumar Singh)
Chief Executive Officer

(Shudodhani)
Company Secretary

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 PB TOLLWAY LIMITED FOR THE YEAR ENDED 31ST MARCH, 2016.

The preparation of financial statements of **IRCON PB TOLLWAY LIMITED** for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 20.06.2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **IRCON PB TOLLWAY LIMITED** for the year ended 31 March 2016. 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. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

| Comment of CAG | Management Reply |
|--|--|
| <p>A. Comments on Disclosure</p> <p>1. Cash & Bank Balances (Note – 12)</p> <p>a) Balance with Banks –</p> <ul style="list-style-type: none"> - in Escrow Account - Rs 1,46,68,098/- - in Construction Fund Account Rs 2,08,740/- - in Current Accounts - Rs 4,99,708/- <p>b) Other Bank Balances</p> <ul style="list-style-type: none"> - in Fixed deposits - Rs 62,27,53,823/- <p>(with a maturity period of less than 3 months)</p> | <p>The accounting treatment as pointed out by C&AG has been noted for future compliance.</p> |

The above balances pertain to Escrow Accounts which are earmarked funds as per the Concession Agreement entered with National Highway Authority of India (NHA). The above balances should have been shown as earmarked balances as per the Schedule III of the Companies Act, 2013.

**For and on the behalf of the
Comptroller & Auditor
General of India**

(Meenakshi Mishra)
Director General of Audit
(Railway Commercial)

**For and on behalf of Board of Directors
Irrcon PB Tollway Limited**

Deepak Sabhlok Anil Jain A. K. Goyal A. K. Singh
Director Director Director Director
DIN: 03056457 DIN: 05283217 DIN: 05308809 DIN: 07018776

Tanjit Kaur A. K. Singh Shudodhani
CFO CEO Co. Secy

Place : New Delhi
Date : 26.09.2016



IrconPBTL

IRCON PB TOLLWAY LIMITED (IrconPBTL)
(A Wholly-owned subsidiary of Ircon International Limited)

**Registered & Corporate Office: C-4, District Centre, Saket,
New Delhi -110017, India**
Tel.: +91-11-29565666 | Fax: +91-11-26522000, 26854000
E-mail id: busi.info.irconpbt@gmail.com