



IRCON PB TOLLWAY LIMITED ('IrconPBTL')

(A Wholly-owned subsidiary of Ircon International Limited)

CIN: U45400DL2014GOI272220



FOURTH (4TH) ANNUAL REPORT FY 2017-18



HIGHWAY PROJECT PARTNERING IN INDIA'S GROWTH

COMPANY PROJECT

“Widening & Strengthening of the existing Bikaner & Phalodi Section to Four lane from km 4.200 to km 55.250 & Two Lane 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, in accordance with the terms of the Concession Agreement with NHAI”

BOARD OF DIRECTORS

Mr. Deepak Sabhlok, Part-time Chairman
Mr. Ashok Kumar Goyal, Part-time Director
Mr. Anand Kumar Singh, Part-time Director
Mr. Rajendra Singh Yadav, Part-time Director
Ms. Anupam Ban, Part-time Director

KEY MANAGERIAL PERSONNEL

Mr. A. K. Singh, Chief Executive Officer
Mr. Sanjay Podder, Chief Financial Officer
Ms. Shudodhani, Company Secretary

BOARD COMMITTEES

1. Audit Committee - Mr. Anand Kumar Singh, Chairman
2. Nomination & Remuneration Committee – Mr. Ashok Kumar Goyal, Chairman
3. CSR & Sustainability Committee – Mr. Ashok Kumar Goyal, Chairman

STATUTORY AUDITOR

M/s Praveen Aggarwal & Co.
Chartered Accountants

SECRETARIAL AUDITOR

Mr. Chaitanya Udgirkar
Practising Company Secretary

BANKERS TO THE COMPANY

Indian Overseas Bank, R. K. Puram,
New Delhi

EPC CONTRACTOR TO COMPANY

Ircon International Limited

CONTACT PERSON

Ms. Shudodhani
Company Secretary
Email id: busi.info.irconpbt@gmail.com
Tel: 011-26545767, M: 9818119256

REGISTERED/CORPORATE OFFICE

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

VISION & 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 30th September 2014
Incorporated as Concessionaire in terms of the Concession Agreement with National
Highways Authority of India (NHAI)

NHAI BOT HIGHWAY PROJECT

BUSINESS OBJECTIVE

CONSTRUCTION, MAINTENANCE, COMMISSIONING AND OPERATION OF PROJECT HIGHWAY

“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”

Four Laning: 51.05 Km and Two Laning: 108.250 Km

EPC CONTRACTOR

Irrcon International Limited ('Irrcon')

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

CURRENT PROJECT PHASE

Construction Phase: Works are continuously progressing

(Operation & Maintenance Phase to commence from COD)

CONSTRUCTION PROGRESS

Project Construction Works Commencement: 14th October 2015
Construction of Three Toll Plazas at Project Site Completed
Project Construction Completion: Oct-Nov 2018
Expected Project Commissioning (COD): Dec-Jan 2018

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



MR. DEEPAK SABHLOK
CHAIRMAN, DIRECTOR (PROJECTS), IRCON



MR. ASHOK KUMAR GOYAL
DIRECTOR
EXECUTIVE DIRECTOR/PROJECTS, IRCON



MR. ANAND KUMAR SINGH
DIRECTOR
EXECUTIVE DIRECTOR/FINANCE, IRCON



MR. RAJENDRA SINGH YADAV
DIRECTOR
PROJECT DIRECTOR/J&K, IRCON



MS. ANUPAM BAN
DIRECTOR
CHIEF GENERAL MANAGER/HRM, IRCON

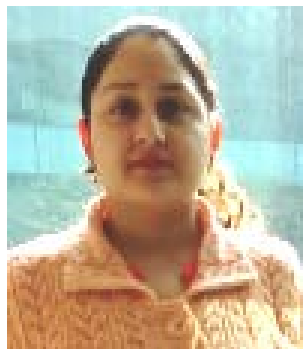
KEY MANAGERIAL PERSONNEL OF IRCON PB TOLLWAY LTD.



MR. AJAY KUMAR SINGH
CHIEF EXECUTIVE OFFICER



MR. SANJAY PODDER
CHIEF FINANCIAL OFFICER



MS. SHUDODHANI
COMPANY SECRETARY

BIKANER – PHALODI HIGHWAY PROJECT (BPHP) PHOTOGRAPHS
[Toll Plazas & Toll Road]



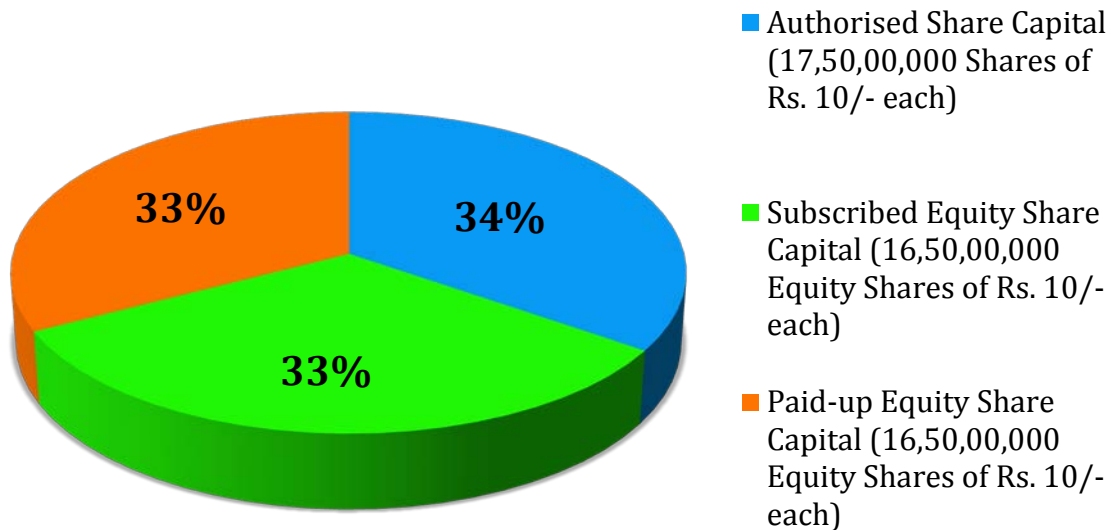
BIKANER - PHALODI HIGHWAY PROJECT (BPHP) PHOTOGRAPHS
[Toll Plazas & Toll Road]



STATEMENT OF EQUITY SHARE CAPITAL
(AS ON 31st MARCH 2018)

| Particulars of Equity Share Capital | Amount In INR |
|---|-----------------------|
| Authorised Share Capital (17,50,00,000 Shares of ₹ 10/- each) | 1,75,00,00,000 |
| Subscribed, Issued & Paid-up Equity Share Capital (16,50,00,000 Equity Shares of ₹ 10/- each) | 165,00,00,000 |

Equity Share Capital As On 31st March 2018



PRESIDING CHAIRMAN'S ADDRESS

AT THE FOURTH (4TH) ANNUAL GENERAL MEETING HELD ON 27.09.2018



Dear Distinguished Shareholders/Members

It gives me immense pleasure to welcome you all to the **Fourth (4th) Annual General Meeting** of Ircon PB Tollway Limited (IrconPBTL). The annual report, including the Ind AS Audited Financial Statements, Boards report, Auditor's report and the Comments of the Comptroller and Auditor General of India ('CAG'), for the financial year ended 31st March, 2018 has been circulated to you. With your permission, I shall take them as read.

About the Company

Your Company, IrconPBTL, is entrusted with execution of Bikaner-Phalodi Toll Road Project for four laning from km 4.200 to km 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. The total length of road to be constructed being 159.30 Km and in equivalent 2 lane being 210.35 km.

The Total Project Cost (TPC) approved for execution of Bikaner Phalodi Highway Project has been for the value of ₹ 844 Crores; divided into equity share capital of ₹ 165 Crores, debt capital of ₹ 352 Crores and Cash Support from NHAI of ₹ 327 Crores. Further, Ircon International Limited has been engaged as EPC Contractor for the EPC Cost of ₹ 646 Crores for project construction.

Your Company's Bikaner Phalodi Highway Project is currently in advanced stage of completion wherein the project construction works are progressing on the available work front. Once project construction is completed, project commissioning shall involve operationalization of the three toll plazas at the project site and the project shall start earning toll revenues.

Project Construction

Your Company's Management has been making all out efforts in ensuring that project construction works are not hampered and adequate efforts are being

made from time to time to deal with project issues such as land encumbrance issues, encroachment, and additional work execution under Change of Scope (COS).

In terms thereof, it is expected to complete project construction and achieve the Commercial Date of Operations (COD) by December 2018. At present, 210 km long project highway has been completed excluding two ROBs and 15 km length comprising Hindrances, COS works and ROBs Approaches.

Due to land encumbrance issues, the project construction period has exceeded the scheduled project construction period of 30 months (910 days) from the appointed date of 14th October 2015, however, the same is not due to the Company's default as Concessionaire.

Project Capital

For the financial year ended 31st March 2018, your Company's equity share capital stands at the value of ₹ 165 Crores, secured debt is of ₹ 240.85 Crores and cash support received from NHAI is of ₹ 122.76 Crores. More funds are expected to be drawn in the ensuing financial year to fund the project construction costs.

Financial Performance

Your Company has for the financial year ended 31st March 2018, in terms of its Ind AS Audited Financial Statements dated 23rd July 2018, recognised revenue from operations of ₹ 27,754.36 Lakhs in its statement of profit and loss as **Contract Revenue on account of applicability of 'Ind AS 11 for Construction Contracts'**.

Further, Profit before tax of ₹ 124.94 Lakhs has been earned due to interest income generated from loan funds drawn from Ircon (for meeting project construction costs) and from NHAI grant received during the said financial year, with Profit after tax of ₹ 82.71 Lakhs.

Capital Expenditure incurred on the Bikaner-Phalodi Project as at 31st March 2018 is of the value of ₹ 27,758.15 Lakhs reflecting under the head intangible assets under development, after reducing the value of Accrued Cash support from NHAI of ₹ 22,374.42 Lakhs from the cumulative amount of ₹ 50,132.56 Lakhs.

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 Second MoU with its holding company, IRCON on 12.06.2017 and is fully committed towards it. First MoU was signed on 26.07.2016.

Concluding Remarks

I would like to conclude by saying that the management of IrconPBTL shall endeavour to ensure that the project gets completed and the tolling operations are commenced in the financial year 2018-19 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**

**(Ashok Kumar Goyal)
Presiding Chairman
DIN: 05308809**

**Date: 27.09.2018
Place: New Delhi**

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BOARD OF DIRECTOR'S REPORT

**To
The Members of the Company
Ircon PB Tollway Limited**

Your Directors have pleasure in presenting their **Fourth (4th) Annual Report** on the business and operations of the Company and the Audited Financial Statements for the Financial Year ended March 31, 2018 alongwith the Auditor's Report and Comments of the Comptroller and Auditor General of India.

BUSINESS OVERVIEW: PRESENT STATE OF AFFAIRS

Your Company, has been incorporated on 30th September 2014 as an SPV by Ircon International Limited ('Ircon') pursuant to LOA issued by NHAI for executing the project of "Widening and Strengthening of the existing Bikaner & Phalodi Section to Four lane from km 4.200 to km 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, in accordance with the terms of the concession agreement signed with NHAI" as its main business object. The total length of road to be constructed is 159.30 Km and in equivalent 2 lane is 210.35 km.

The construction works started on the Project Site from the Appointed Date intimated by NHAI as 14th October 2015 i.e. the date intimated by NHAI for commencement of construction.

The Bikaner Phalodi Highway Project is currently in advanced stage of completion wherein the project construction works are progressing on the available work front. However, work completion is likely to be delayed due to non-availability of encumbrance free land between Km. 90 to Km. 94, of about 4 Km. land stretch.

The project is currently in '**Construction Phase**' and shall be entering the '**Operation and Maintenance Phase**', on completion of project construction.

The Total Project Cost (TPC) approved for Bikaner-Phalodi Project Execution is for the value of ₹ 844 Crores, divided into:-

1. Equity Share Capital: ₹ 165 Crores
2. Debt Capital (Secured Loan): ₹ 352 Crores and
3. NHAI Gant (Cash Support): ₹ 327 Crores

Further, Ircon has been engaged as EPC Contractor for the EPC Cost of ₹ 646 Crores for project construction.

Scheduled Construction Period & Actual Construction Period – Reg. COD/Provisional COD

The scheduled period for completion of construction for Bikaner Phalodi Project was 910 days i.e. 30 months from the appointed date of 14th October 2015 i.e. by 10th April 2018.

Accordingly, major portion of the Project Highway was completed within the stipulated time by April 2018, but due to numerous issues beyond the control of the Concessionaire, have caused delay in the execution and completion of scope of work under Concession Agreement. These including land encumbrance issues, additional work to be executed under Change of Scope (COS), delay in shifting of utilities, physical obstructions, and encroachment.

In terms thereof, the project construction period has extended beyond the scheduled period of 30 months, for reasons as stated above, not attributable to the Concessionaire Company – IConPbTL.

Precisely, as stated earlier, work completion has been delayed due to non-availability of encumbrance free land of about 4 Km. land stretch.

Thereby, out of 159.30 Km. total project length, balance 10 Km. is to be constructed, out of which work on 6.50 Km. (encumbrance free land under ROBs LC-06, LC-57 and VUP at Km.161+880 and Change of Scope) will be taken up after completion of structure and after approval from NHAI and 4 km. is encumbered land (in dispute Nokhra village).

It is expected to complete construction on available work front by **30th September 2018**.

Project Commissioning (Commencement of Tollway Operations)

Bikaner-Phalodi Highway Project shall be commissioned, once 100% project construction is completed on available work front including completion of project structures. Once construction is completed, the project tollway operations shall be commissioned.

Once project construction is completed, project commissioning shall involve operationalization of the three toll plazas at the project site, with toll plaza locations as follows i.e.

| Sl. No. | Toll Plaza No. | Location (Chainage) | Total No. of Lanes | Road Length Covered (Km.) |
|---------|------------------|---------------------|--------------------|---------------------------|
| 1. | Toll Plaza - I | Km 24.000 | 10 | 50-60 km |
| 2. | Toll Plaza - II | Km 84.400 | 8 | 50-60 km |
| 3. | Toll Plaza - III | Km 141.830 | 8 | 50-60 km |

In terms thereof, the Project is expected to be commissioned on completion of project construction and on notification of Commercial Date of Operations (COD) by NHAI for operationalizing the three toll plazas at the project site and for collection of toll revenues.

The expected date of achievement of Commercial Date of Operations (COD)/ Provisional COD is in **December, 2018 (Operationalization of Toll Plazas)**.

Project Progress

A. Physical Progress

The Scope of work includes completion of 159.30 Km of Road works including formation, Bridges, Culverts, VUPs, PUP's and other availed works. Out of the above, **156.00 Km of Earthwork (97.93%), 154.50 of GSB (96.99%), 150.00 Km of WMM (94.16%), 149.11 of DBM (93.60%) and 108.50 Km (68.11%) of BC** have been completed as on 31.03.2018. The overall progress of the project is 79.15% as on 31.03.2018.

B. Financial Progress

1. During the financial year 2017-18, the Company has availed loan of ₹ 160.85 Crores as against the sanctioned loan amount of ₹ 352 Crores for meeting the project construction costs. During the financial year 2016-17, the Company had availed loan of ₹ 80 Crores (after expending the entire equity of ₹ 165 Crores). Balance loan amount is ₹ 111.15 Crores.

Interest repayment to Ircon @ SBI Base Rate + 0.5% p.a. upto 31.03.2018 is ₹ 16.64 Crores as 'Interest during Construction (IDC)'.

2. Grant received from NHAI (in the form of Cash Support) is ₹ 122.76 Crores as against the due amount of ₹ 223.74 Crores.
3. The capital expenditure made during the financial year 2017-18 is ₹ 277.54 Crores and the cumulative capital expenditure as on 31st March 2018 stands at ₹ 277.58 Crores.

FINANCIAL PERFORMANCE (IND AS FINANCIALS)

As per the Ind AS Audited Financial Statements of your Company for the financial year ended 31st March 2018:-

1. Equity share capital remains the same for financial year ended 31st March 2018 at the value of ₹ 16,500 Lakhs. Borrowings of Company stand increased to the value of ₹ 24,085 Lakhs as compared to previous year figure of ₹ 8,000 Lakhs.
2. During the financial year 2017-18, your Company has recognised turnover (revenue from operations) of ₹ 27,754.36 Lakhs, for the period ended 31st March 2018 as **Contract Revenue as per 'Ind AS 11 – Construction Contracts'**.
3. Company has made a Profit before tax (PBT) of ₹ 124.94 Lakhs and Profit after tax (PAT) of ₹ 82.71 Lakhs for the financial year ended 31st March 2018 - due to interest income generated from loan funds drawn from Ircon (for meeting project construction costs) and NHAI grant received during the said financial year.
4. Further, the Company had intangible assets under development of the value of ₹ 27,758.15 Lakhs as at 31st March 2018, after reducing the value of Accrued Cash support from NHAI of ₹ 22,374.42 Lakhs from the cumulative amount of ₹ 50,132.56 Lakhs (amount expended on project construction during FY 2016-17 and FY 2017-18).

The summarised financial position of the Company for the financial year ended 31st March 2018 as per Ind AS Audited Financial Statements is as tabulated below:-

| | | (Amount in ₹ Lakhs) |
|--|------------------------------|----------------------------------|
| Sl. No. | Particulars | For the Year ended 31.03.2018 |
| | | (Audited) |
| Equity & Liabilities Position | | |
| 1. | Authorized Share Capital | 17,500 |
| 2. | Paid-up Equity Share Capital | 16,500 |

| | | |
|-----------------------------------|---|------------------|
| 3. | Other Equity (includes Reserves and Surplus) | 392.94 |
| 4. | Loan from Holding Company (Borrowings) | 24,085 |
| 5. | Intangible Assets under Development (Cost incurred on construction of Bikaner Phalodi Highway) [Cumulative Value] | 27,758.15 |
| 6. | Provisions (CSR Provision) | 7.49 |
| Profit & Loss Position | | |
| 1. | Revenue from Operations | 27,754.36 |
| 2. | Other Income | 126.93 |
| 3. | Total Income (1+2) | 27,881.29 |
| 4. | Total Expenses | 27,756.35 |
| 5. | Profit Before Tax (3-4) | 124.94 |
| 6. | Tax Expenses (Current Tax + Def. Tax) | 42.23 |
| 7. | Profit After Tax | 82.71 |
| 8. | Net Worth | 16,892.94 |
| 9. | Earning Per Equity Share | 0.05 |

PROJECT CASH FLOWS

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

Cash Flows from Business Activities (FY: 2017-18)

(Amount In ₹ Lakhs)

| Sr. No. | Particulars | As At 31 st March 2018 | As At 31 st March 2017 |
|---------|---|-----------------------------------|-----------------------------------|
| 1. | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Net Profit before Taxation | 124.94 | 82.71 |
| | Adjustments for:- | | |
| | Depreciation, Amortization & Impairment | 0.26 | 0.18 |
| | Interest Income | (126.93) | (87.93) |
| | Provisions – CSR | 3.36 | 4.13 |
| | Operating Profit before Working Capital Changes (A) | 1.64 | (0.92) |
| | Adjustments for Working Capital Changes & Tax Paid (+ / -) | (7,909.90) | (3564.18) |
| | Net Cash Generated from Operating Activities (A) | (7,908.26) | (3565.10) |
| 2. | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Purchase of Property, Plant & Equipment including Capital WIP | (0.18) | (0.35) |
| | Purchase of Intangible Assets | (5,379.94) | (17,788.96) |
| | Interest Received | 126.93 | 87.93 |
| | Net Cash Generated from Investing Activities (B) | (5,253.20) | (17701.37) |
| 3. | CASH FLOW FROM FINANCING ACTIVITIES | | |
| | Borrowings | 16,085.00 | 8,000.00 |
| | Issue of Equity Shares | - | 7,500 |
| | Transaction Cost | - | (7.50) |
| | Net Cash Generated from Financing Sources (C) | 16,085.00 | 15,492.50 |
| | TOTAL CASH FLOW GENERATED (A) + (B) + (C) | 2,923.55 | (5,773.97) |

The above table clearly reflects the Cash Flows arising from different sources for the Financial Year 2017-18 under “**INDIRECT METHOD**” as set out in **IND AS - 7 (‘Cash Flow Statements’)** forming part of the Financial Statements of the Company.

NHAI GRANT

Your Company has during the financial year 2017-18, received Grant from NHAI, as stated earlier, in the form of ‘Cash Support’ of the value of ₹ 122.76 Crores against the due or accrued amount of ₹ 223.74 Crores. The outstanding amount ₹ 100.98 Crores, has been recognised under the head “Other Financial Assets”.

Such amount has been received against the total approved NHAI Grant (Cash Support) of ₹ 327 Crores; relative to the amount of project expenditure undertaken by the Company out of the total project cost of ₹ 844 Crores.

This Cash Support has been received as per Article 25 of the Concession Agreement signed by your Company with NHAI, which states that “Cash Support by way of an outright grant equal to ₹ 327 Crores shall be disbursed in the form of Equity Support. Equity Support shall be due and payable to the Concessionaire after it has expended the Equity, and shall be disbursed in proportion to the loan amount expended on Project.

CAPITAL STRUCTURE

(Project Financing)

The Capital Structure of the Company as approved w.r.t. funding the Total Project Cost (TPC) of ₹ 844 Crores is divided into:-

- (i) Equity Share Capital of: ₹ 165 Crores;
- (ii) Debt Capital of: ₹ 352 Crores; and
- (iii) Grant from NHAI (Cash Support) of: ₹ 327 Crores.

Ircon International Limited (‘Ircon’) - Holding Company, had at its 216th Board meeting held on 23rd February 2015 approved the loan contribution of ₹ 352 Crores and further equity contribution of ₹ 160 Crores to IrconPBTL (apart from initial investment of ₹ 5 Crores at the time of incorporation).

In terms of the approved investment from Ircon, the Company had called the entire equity share capital of ₹ 165 Crores during the financial year 2016-17. Further, in pursuance of the ‘Loan Agreement’ and ‘Supplementary and Amendatory agreement to loan agreement’ signed with Ircon dated 30th April 2015 and 18th May 2015 respectively, the Company had during the financial year 2017-18 made borrowings from Ircon of the value of ₹ 160.85 Crores vis-à-vis ₹ 80 Crores during financial year 2016-17.

IrconPBTL has accordingly till date, received an amount of ₹ 405.85 Crores from Ircon against sanctioned investment of ₹ 517 Crores, as tabulated below:-

| S. No. | Particulars | Amount in ₹ Crores | |
|--|----------------------|-----------------------------|----------------------------------|
| | | Total Sanctioned Investment | Total Funds Availed (As on date) |
| INVESTMENT FROM HOLDING COMPANY - Ircon International Limited | | | |
| 1. | Equity Share Capital | 165 | 165 |

| | | | |
|----|---|------------|---------------|
| 2. | Debt Capital (Secured Loan) (Interest Rate: SBI Base Rate + 0.5% p.a.) | 352 | 240.85 |
| | Total Capital Contribution from Ircon (1 + 2) | 517 | 405.85 |

Further, IrconPbTL has received Grant from NHAI (Cash Support) of the amount of ₹ 122.76 Crores during the Financial Year 2017-18 (as equivalently stated in the para on 'NHA1 Grant').

Thereby, the Composition of Capital Structure of the Company as on date is as depicted below:-

| S. No. | Particulars | Amount in ₹ Crores | |
|--|---|-------------------------------------|---------------------------|
| | | Total Sanctioned Project Investment | Amount Received Till Date |
| INVESTMENT FROM HOLDING COMPANY - Ircon International Limited | | | |
| 1. | Equity Share Capital | 165 | 165 |
| 2. | Debt Capital (Secured Loan) (Interest Rate: SBI Base Rate + 0.5% p.a.) | 352 | 240.85 |
| 3. | Total Capital Contribution from Ircon (1 + 2) | 517 | 405.85 |
| GRANT FROM NHAI (CONDITIONAL EQUITY SUPPORT) | | | |
| 4. | Cash Support from NHAI | 327 | 210.46 |
| | Total Amount (3 + 4) | 844 | 612.20 |

RIGHTS ISSUES

Equity Shares have been issued on rights basis to Holding Company, Ircon International Limited ('Ircon'), during the financial years 2014-15, 2015-16 and 2016-17 as per the statement below:-

| Sr. No. | Financial Year | Date of Allotment (Date of Board meeting) | No. of equity shares issued and subscribed # | Paid-up Value of Shares (In ₹) |
|---------|----------------|---|--|--------------------------------|
| 1. | 2014-15 | 29.10.2014 | 50,00,000 | 5,00,00,000 |
| 2. | 2015-16 | 29.04.2015 | 8,50,00,000 | 85,00,00,000 |
| 3. | 2016-17 | 22.07.2016 | 5,00,00,000 | 50,00,00,000 |
| 4. | 2016-17 | 17.10.2016 | 2,50,00,000 | 25,00,00,000 |
| | | Total | 16,50,00,000 | 165,00,00,000 |

The Company has thereby issued 16,50,00,000 Equity Shares of ₹ 10/- each amounting to ₹ 165,00,00,000/- to Ircon International Limited.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)

The MDAR has been annexed to the Board's Report as **ANNEXURE – I.**

APPOINTMENT OF WOMAN DIRECTOR

Every Company having a paid-up share capital of Rs. 100 Crores or more is required to appoint a woman director on its Board, as per proviso to Sec 149 (1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Accordingly, Ms. Anupam Ban was appointed as Woman Director on the Board of IrconPbtl, w.e.f. 9th June 2017, pursuant to receipt of nomination from holding company, Ircon International Limited (Ircon) as Nominee Director, holding DIN: 07797026.

Her nomination as Woman Director in IrconPbtl was noted at the 21st Board meeting held on 13th June 2017.

DIRECTOR'S & KEY MANAGEMENT PERSONNEL

DIRECTORS:

Pursuant to Article 49 of the Articles of Association (AOA) of the Company, the power to appoint directors in your Company is with the holding company, Ircon International Limited.

In terms thereof, the holding company has till date, nominated five Non-executive Nominee directors as Board of Directors of IrconPbtl. The appointment of the said directors has been effected from the date of their consent to act as Directors of IrconPbtl.

The following is the details of directors of IrconPbtl:-

BOARD OF DIRECTORS

(As on Date of this report)

| Sl. No. | Directors | Date of Appointment | DIN |
|---------|---|---------------------|----------|
| 1. | Mr. Deepak Sabhlok, Part-time Chairman | 30.09.2014 | 03056457 |
| 2. | Mr. Ashok Kumar Goyal, Part-time Director | 30.09.2014 | 05308809 |
| 3. | Mr. Anand Kumar Singh, Part-time Director * | 21.07.2016 | 07018776 |
| 4. | Mr. Rajendra Singh Yadav, Part-time Director ** | 03.03.2017 | 07752915 |
| 5. | Ms. Anupam Ban, Part-time Director ** | 09.06.2017 | 07797026 |

KEY MANAGEMENT PERSONNEL (KMP):

Pursuant to Sec 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has three Key Management Personnel (KMP), as follows:-

| Sl. No. | Key Management Personnel (KMP) of Company | Designation of KMP | Date of Appointment | Date of Designation as KMP | PAN No. |
|---------|---|-------------------------|---------------------|----------------------------|------------|
| 1. | Mr. Ajay Kumar Singh | Chief Executive Officer | 27.02.2015 | 23.03.2016 | ARLPS4997C |

| | | | | | |
|----|-------------------|--------------------------|------------|------------|------------|
| 2. | Mr. Sanjay Podder | Chief Financial Officer* | 20.02.2018 | 20.02.2018 | AFNPP1856R |
| 3. | Ms. Shudodhani | Company Secretary | 17.03.2015 | 17.03.2015 | CLPPS8601B |

* Ms. Tanjit Kaur had been appointed as Chief Financial Officer of the Company and declared as KMP on 17th October 2016. She had ceased to act as Chief Financial Officer and KMP of the Company w.e.f 15th March 2017. Further, Mr. Nand Kishore Jha, was appointed as Chief Financial Officer and designated as KMP of the Company w.e.f. 29th July 2017. He ceased to act as Chief Financial Officer and KMP of the Company w.e.f 11th October 2017.

At the 25th meeting of the Board of Directors held on 20th February 2018, consequent to approval accorded by the Board of Directors, **Mr. Sanjay Podder**, was appointed as Chief Financial Officer, of the Company and was designated as Key Managerial Personnel (KMP) effective from the said date.

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:-

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- that the directors had prepared the annual accounts on a going concern basis; and
- 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.

DECLARATION BY INDEPENDENT DIRECTORS U/S 149(6)

As per Companies (Appointment and Qualification of Directors) Rules, 2014, as amended by Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 read with Companies (Meetings of Board and its Powers) Rules, 2014, Exemption has been provided to wholly-owned subsidiary companies of a Public Company from constituting the Audit Committee and Nomination and Remuneration Committee and accordingly from effecting appointment of Independent Directors w.e.f. 5th July 2017.

However, due to applicability of DPE Corp. Governance Guidelines 2010, the requirement to constitute Audit Committee and Nomination and Remuneration Committee is still applicable and the non-appointment of Independent Directors arises from the same. Thereby, the requirement of obtaining the said declaration is applicable on account of the same.

The requirement of appointment of Independent Directors has already been notified to the holding company, Irrcon International Limited on several previous occasions - as the said power is with holding company, in terms of Articles of Association of the Company.

The said applicability of appointment of Independent Directors has also been duly noted by the Board of Directors at their **27th BoD meeting held on 18th July 2018** while noting the Draft Secretarial Audit Report for FY 17-18 and Draft Corporate Governance Compliance Certificate.

It was noted by the Board that the said requirement of appointment of Independent Directors, shall be duly intimated to holding company, Irrcon again.

Accordingly, the appointment of Independent Directors shall be undertaken once the holding company appoints the same and such appointment shall be notified to Board alongwith obtaining the declaration from the Independent Directors.

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.

SHAREHOLDING PATTERN OF PROMOTERS

IrrconPBTCL is a wholly-owned subsidiary of Irrcon International Limited ('Irrcon'), and thereby its entire equity shareholding is held by its promoter company, Irrcon, a Government of India Undertaking, under Ministry of Railways.

Presently, the Company is having **paid-up equity share capital of ₹ 165 Crores** out of the **authorized share capital of ₹ 175 Crores**, as previously indicated in the Capital Structure of Company, and 100% equity is held in the name of Irrcon and its 9 nominee shareholders, as depicted below:-

Existing Shareholding Pattern of IrrconPBTCL

| Shareholder's Name | No. of Equity Shares Held | Total Value of Equity Shares Held | % of Total Shares of the Company |
|--|----------------------------------|--|---|
| Irrcon International Limited and its 9 Nominee Shareholders (16,50,00,000 Equity Shares of ₹ 10/- per share) | 16,50,00,000 | 165,00,00,000 | 100% |
| Total | 16,50,00,000 | 165,00,00,000 | 100% |

WEBLINK OF ANNUAL RETURN – MGT - 7

The Web-link of Annual Return as per Section 92(3) read with Rule 12(1) Companies (Management and Administration) Rules, 2014 (Mandatory Requirement of the Act) is available on website of Holding Company, Irrcon International Limited.

The Annual Return shall be made available on website after the same has been filed by the Company with the Registrar and thereafter the same can be viewed by the members and stakeholders.

The said weblink of Annual Return is as follows:-

http://ircon.org/index.php?option=com_content&view=article&id=58&Itemid=611&lang=en

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 2017-18 were on Arm's Length Basis and were in the ordinary course of business.

Accordingly, 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 - II**.

DIVIDEND & RESERVES

As per the **IND AS Financial Statements** of the financial year 2017-18, the '**Reserves and Surplus Balance**' is now reflected under the head '**OTHER EQUITY**' in the Balance Sheet as '**Retained Earnings**' and the **Net Profit after tax** is now reflected as **total comprehensive income** (including profit or (loss) for the period and other comprehensive income).

Your Company has accordingly for the financial year 2017-18, had retained earnings of ₹ 392.94 Lakhs as compared to the previous financial year 2016-17 of ₹ 310.23 Lakhs as forming part of its Reserves and Surplus Balance.

Further, the Board considering the fact that the Company's Project operations are currently in construction phase with nil operational income, (i.e. there is only interest income adding up to total comprehensive income), has not proposed any dividend for the financial year 2017-18.

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.

ENVIRONMENT PROTECTION & CONSERVATION, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

During the construction of the highway in the financial year 2017-18, 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.

STATUTORY AUDIT & COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

The Statutory Auditors for the financial year 2017-18 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 23.07.2018.

The Comptroller and Auditor General of India (CAG) has for the financial year 2017-18 conducted the Supplementary Audit of financial statements of the Company and the Comments if any shall be placed at the AGM alongwith Management Replies to the Comments thereto.

DIRECTOR'S OBSERVATIONS AND COMMENTS FOR FINANCIAL STATEMENTS (EXPLANATIONS FOR ANY COMMENTS MADE BY AUDITOR'S IN THEIR REPORT)

The Ind AS Financial Statements for financial year ended 31st March 2018, 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 said 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.

The Comments of the Comptroller and Auditor General of India, if any, alongwith directors comments/management replies thereto, shall be placed at the AGM of the Company.

COMPLIANCES WITH SECRETARIAL STANDARDS

Secretarial Standards issued by ICSI in terms of Section 118(10) of the Companies Act, 2013 are SS-1 (Secretarial Standard on Meetings of the Board of Directors) and SS-2 (Secretarial Standard on General Meetings).

The Company has been in strict adherence to the Secretarial Standards issued by ICSI and has been regularly complying in terms of:-

1. Issuance of Notices of Board and Committee Meetings and General Meetings
2. Sending Agenda, and Notes on Agenda to Directors
3. Maintenance and Signing of Minutes
4. Circulation of Draft Minutes
5. Attendance Register
6. Passing of Resolution by Circulation &
7. Contents of Minutes

SECRETARIAL AUDIT ON COMPLIANCE OF APPLICABLE LAWS & DIRECTOR'S COMMENTS ON SECRETARIAL AUDIT OBSERVATIONS

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, **Mr. Chaitanya**

Udgirkar, (holding Associate Membership No. A49740 and Certificate of Practice (COP) No. 18161), Practising Company Secretary, nominated and recommended by M/s Legasis Services Private Limited, had been appointed as the Secretarial Auditor of the Company for the financial year 2017-18.

The Secretarial Audit Report issued by the Secretarial Auditor for the financial year 2017-18 in the prescribed format MR-3 has been annexed as **ANNEXURE – III**.

The major observations indicated in the Secretarial Audit Report for Financial Year 2017-18 are:-

- (a) Non-appointment of Independent Directors; and
- (b) Constitution of Board Committees, in absence of Independent Directors

Further, Director Comments or replies to the Secretarial Audit Report, as approved at the 27th Board meeting held on 18th July 2018, are annexed as ANNEXURE – III'A.

The Board of Directors have taken cognizance of the fact that since the Company is a CPSE falling under Ministry of Railways, compliance with DPE Corporate Governance Guidelines, 2010 is mandatory and the audit qualifications, contained in the aforesaid Secretarial Audit Report, only pertains to the said guidelines.

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 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 2017-18. Further, all essential components of internal financial control have been found to be adequate.

Also, the Board of Directors of the Company had at their 27th BoD meeting held on 18th July 2018, reviewed the Internal Financial Controls (IFC) operating over financial reporting of the Company and noted that the Company has an adequate internal financial control system over financial reporting; while considering and approving the Ind AS Financial Statements of the Company for the financial year ended 31st March 2018.

RISK MANAGEMENT

In pursuance of Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, and in compliance of Para 3.6 of Chapter 3 of the DPE Corporate Governance Guidelines, 2010, 'a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any', is required to form part of Board's Report.

Accordingly, since the Company is a **CONCESSIONAIRE COMPANY**, formed for execution of the Bikaner - Phalodi Project, the Risk Elements pertaining to the project have been identified as detailed below :-

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). Also, due to non-availability of non-encumbrance free work front, the construction work is expected to get delayed. |
| 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. |

In furtherance thereof, the Company has at its 19th BoD meeting held on 3rd January 2017, accorded approval for framing a “**Risk Management Policy**” for the Company with the following notable points:-

- (i) **Risk management policy to be devised as per IRCON’s policy.**
- (ii) **Company specific factors to be given major importance.**
- (iii) **Other NHAI BOT projects risk factors may be reviewed.**

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.

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance has been annexed to this Report as **ANNEXURE – IV**. Further, the Certificate for Compliance with DPE Corporate Governance Guidelines, 2010 issued by M/s Arun Kumar Gupta & Associates, Practising Company Secretary, is annexed as **ANNEXURE – IV’A**.

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.

Accordingly, 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 2017-18.

STATUTORY AUDITORS (FY: 18-19)

The Statutory Auditor for the Company as appointed by the Comptroller and Auditor General of India (C&AG) for the financial year 2018-19 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.

BANKERS TO THE COMPANY

Indian Overseas Bank (IOB) 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.

SUBSIDIARY, ASSOCIATE & JOINT VENTURE COMPANIES

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

MEMORANDUM OF UNDERSTANDING (MoU) (FY 2017-18)

A Memorandum of Understanding (MoU) has been signed on 12.06.2017 with Ircon International Limited ('IRCON'), the holding company for the financial year 2017-18 specifying the performance evaluation criterion in terms of Capital Expenditure, completion of Bituminous Concrete (BC) and completion of Dense Bituminous Macadam (DBM). The MoU for the financial year 2016-17 was signed on 26.07.2016.

Your Company in terms of the MoU Performance Evaluation Criterion has made all efforts for meeting or exceeding the MoU targets set forth for Financial Year 2017-18.

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.

In terms thereof, constitution of **Internal Complaints Committee (ICC) under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013** was discussed at the 18th BoD meeting of IrconPBT and it was decided to undertake its constitution on articulation of specific terms of reference and the modalities and procedure for its working.

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 ‘IND AS Financial Statements’:-

The Audited IND AS Financial Statements of the Company comprising the Balance Sheet as on 31st March 2018, the Statement of Profit and Loss for the year ended 31st March 2018, Statement of Changes in Equity, Summarised Significant Accounting Policies, notes to accounts and other explanatory information, was approved by the Board of Directors at their meeting held on 18th July, 2018 as provided in this Annual Report.

(iii) CEO and CFO Certification:-

The Chief Executive Officer (CEO) – Mr. Ajay Kumar Singh and Chief Financial Officer (CFO) – Mr. Sanjay Podder 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 – V.**

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

**Deepak Sabhlok
Chairman
DIN: 03056457**

**Date: 24.09.2018
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 Irrcon International Limited (IRCON – 100% Holding Company) participated, bagged the contract for execution and formulated SPV named as Irrcon 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.
- (iii) Land encumbrance issue also results in delay in handing over of land by the authority - NHAI to the Concessionaire Company.

(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 principal starting on completion of moratorium period, 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 2017-18 and for the financial year 2016-17 has been represented below:-

Comparative Statement of Financial Results
(FY: 17-18 vs. 16-17)

(Amount in ₹ Lakhs)

| Sl. No. | Particulars | For the Year ended 31.03.2018 | For the Year Ended 31.03.2017 |
|---------|---|-------------------------------|-------------------------------|
| | | (Audited) | (Audited) |
| 1. | Authorized Share Capital | 17,500 | 17,500 |
| 2. | Paid-up Equity Share Capital | 16,500 | 16500 |
| 3. | Other Equity (includes Reserves and Surplus) | 392.94 | 310.23 |
| 4. | Loan from Holding Company (Borrowings) | 24,085 | 8,000 |
| 5. | Intangible Assets under Development (Cost incurred on construction of Bikaner Phalodi Highway) [Cumulative Value] | 27,758.15 | 22,378.20 |
| 6. | Provisions (CSR Provision) | 7.49 | 4.13 |
| 1. | Revenue from Operations | 27,754.36 | 17,788.96 |
| 2. | Other Income | 126.93 | 87.93 |
| 3. | Total Income (1+2) | 27,881.29 | 17,876.89 |
| 4. | Total Expenses | 27,756.35 | 17,794.18 |
| 5. | Profit Before Tax (3-4) | 124.94 | 82.71 |
| 6. | Tax Expenses (Current Tax + Def. Tax) | 42.23 | 28.93 |
| 7. | Profit After Tax | 82.71 | 53.77 |
| 8. | Net Worth | 16,892.94 | 16,810.23 |
| 9. | Earning Per Equity Share | 0.05 | 0.04 |

* 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 on its payrolls the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), and the AOS/HRM, on secondment or nomination basis from Holding Company, Ircorp International Limited.

The Company Secretary and Accounts Assistant have been appointed by the Company directly. These executives or officers or other junior staff are there for handling the executive functions, financial affairs, mandatory compliances and disclosures, administration and HRM related matters of the Company.

13 other employees have been deputed by Ircorp into the Company, posted at the Project Site at Bikaner, Rajasthan.

ANNEXURE - II

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 2017-18

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

There were no contracts or arrangements or transactions entered into during the financial year ended 31st March 2018, which are not on arm's length basis.

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. | <p>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)</p> | <p>Date of Execution of EPC Agreement: January 19, 2015</p> <p>Estimated Duration: 30 Months (Period for Construction by EPC Contractor)</p> <p>Ongoing Transaction</p> | <p>The Contract has been executed for a value of ₹ 646 Crores for execution of development of project highway.</p> <p>Works expenses paid to IRCON for the same during FY: 15-16 amounts to ₹ 53.44 Crores.</p> | <p>January 5, 2015 & April 29, 2015</p> | <p>NIL (As on Date)</p> |

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. | <p>Amendments to the EPC Agreement (Forming Part of Original EPC Agreement)</p> <p>Addendum No. 1, Addendum No. 2, Addendum No. 3 and Addendum No. 4 to the EPC Agreement</p> | Not Applicable | Addendums to EPC Agreement have been executed for incorporation of revised payment schedule retaining the original total cost of the project of the value of ₹ 646 Crores. | <p>Addendum No.1: 12th March 2015</p> <p>Addendum No. 2: 23rd March 2016</p> <p>Addendum No. 3: 22nd July 2016</p> <p>Addendum No. 4: 13th June 2017.</p> | NIL (As on Date) |
| 3. | <p>Lease Agreement</p> <p>(Rent for Use of Office Premises)</p> | Three Years (2015 to 2018) | IrconPBTL had signed a Lease Agreement with IRCON on 01.10.2015 for a period of 3 years with effect from 01.04.2015 to 31.03.2018 @ ₹ 17,550/- p.m., excluding service tax. | Not Applicable | NIL (As on Date) |
| 4. | <p>Lease Agreement</p> <p>(Rent for Use of Office Premises)</p> | <p>Two Years (2018 to 2020)</p> <p>Current Transaction</p> | IrconPBTL has signed a Lease Agreement with IRCON on 22.06.2018 for a period of 2 years with effect from 01.04.2018 @ ₹ 19,305/- p.m., plus GST, as applicable. | Not Applicable | NIL (As on Date) |

ANNEXURE – III

CHAITANYA UDGIRKAR
PRACTISING COMPANY SECRETARY

B-3, 302, GANGA CONSTELLA,
NEAR EON IT PARK, KHARADI,
PUNE – 411014
MOB: 7276315835
EMAIL: chaitanya.u@legasis.co.in

Form No. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

[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, South Delhi,
New Delhi - 110017

I have conducted the secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by Ircon PB Tollway Limited (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. I hereby report that in my opinion, the Company has, during the audit period covering the financial year from 1st April, 2017 to 31st March, 2018 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the "Act") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings including issuance of American Depository Receipts (ADRs);

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- ***Not applicable to the Company during the Audit period, since the Company is an unlisted public company.***
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f.15th May, 2015);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act and dealing with the Company.
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

I have relied on the representation made by the Company and its officers for the systems and mechanisms formed by the Company for compliances under applicable Acts, Rules, Laws and Regulations to the Company. The list of major head or groups of Acts, Rules, Laws and Regulations as applicable to the Company is given in **Annexure B**.

I have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws and their regulatory compliances, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

- i. The Company is a wholly-owned subsidiary of Ircon International Limited, a Government Company, and has been exempted from appointing Independent Directors on its board vide Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 dated July 5, 2017.

In terms thereof, the Company has post July 5, 2017 duly constituted the Audit Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility (CSR) and Sustainability Committee as mandated under the Act.

However, the Company was required to constitute Audit Committee and Remuneration Committee under the provisions of DPE Corporate Governance Guidelines, 2010 and accordingly appoint Independent Directors on its Board.

The Company has not appointed any Independent Directors on its Board as required under the provisions of DPE Guidelines. Hence, in the absence of Independent Directors, the Audit Committee and Remuneration Committee of the Company have not been duly constituted as mandated under the DPE Guidelines. Accordingly, the CSR and Sustainability Committee has also not been duly constituted.

- ii. The Company has *delayed filing of some of the E-Forms* to be filed with the Registrar of Companies, Delhi but the same were filed with requisite additional fees.

Apart from the aforementioned observations, I would also like to draw the attention to the following:

- i. The Company has appointed 5 Nominee Directors which are appointed by its holding Company and has exceeded the maximum limit of appointment of 2 Nominee Directors mentioned under the DPE Guidelines.
- ii. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, the Company has directly appointed Directors nominated by Holding Company as Directors instead of appointing them as Additional Directors and regularising them as Director in Annual or Extra-ordinary General Meeting.

I further report that:

- i. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- ii. All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I 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.

I further report that during the Audit Period, the following major events took place:

- i. In terms of Loan agreement and supplemental and amendatory agreement to loan agreement dated April 30, 2015 and May 18, 2015 respectively, cumulative loan of Rs. 240.85 crores out of sanctioned limit of Rs. 352 crores has been drawn.

CS Chaitanya Udgirkar

ACS: 49740

COP: 18161

Date: September 24, 2018

Place: Pune, Maharashtra

This report to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

Annexure A

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

My secretarial audit report of even date is to be read along with this letter.

- i. Maintenance of secretarial and other records is the responsibility of the management of the Company. My responsibility is to express an opinion on these records based on my audit.
- ii. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed, provide a reasonable basis for my opinion.
- iii. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- iv. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of certain events during the Audit Period.
- v. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis and expressing an opinion on the same.

CS Chaitanya Udgirkar
ACS: 49740
COP: 18161

Date: September 24, 2018
Place: Pune, Maharashtra

Annexure B

1. 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.
2. The Building And Other Construction Workers (Regulation Of Employment And Conditions Of Service) Act, 1996
3. Building and Other Construction Workers Welfare Cess Act 1996
4. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
5. The Delhi Shops and Establishments Act, 1954
6. Environment Protection Act, 1986
7. Water (Prevention & Control of Pollution) Act, 1974
8. Forest (Conservation) Act, 1980
9. Air (Prevention & Control of Pollution) Act, 1981
10. Employees Provident Fund & Miscellaneous Provisions Act, 1952
11. Employees State Insurance Act, 1948
12. Contract Labour (Regulation & Abolition) Act, 1970 & Contract Labour (Regulation & Abolition) Central Rules, 1971
13. Workmen's Compensation Act, 1923
14. Minimum Wages Act, 1948
15. Child Labour (Prohibition and Regulation) Act, 1986
16. The Legal Metrology Act, 2009 and the rules made thereunder.
17. The Patents Act, 1970
18. The Trade Marks Act, 1999
19. The Design Act, 2000
20. Consumer Protection Act, 1986
21. Competition Act, 2002

**DIRECTOR'S COMMENTS OR MANAGEMENT REPLIES TO SECRETARIAL
AUDIT REPORT (FY 2017-18)**

| <u>Secretarial Auditor Observation</u> | <u>Management Reply</u> |
|--|---|
| <p>(1) The Company is a wholly-owned subsidiary of Ircon International Limited, a Government Company, and has been exempted from appointing Independent Directors on its board vide Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 dated July 5, 2017.</p> <p>In terms thereof, the Company has post July 5, 2017 duly constituted the Audit Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility (CSR) and Sustainability Committee as mandated under the Act.</p> <p><i>However, the Company was required to constitute Audit Committee and Remuneration Committee under the provisions of DPE Corporate Governance Guidelines, 2010 and accordingly appoint Independent Directors on its Board.</i></p> <p><i>The Company has not appointed any Independent Directors on its Board as required under the provisions of DPE Guidelines. Hence, in the absence of Independent Directors, the Audit Committee and Remuneration Committee of the Company have not been duly constituted as mandated under the DPE Guidelines. Accordingly, the CSR and Sustainability Committee has also not been duly constituted.</i></p> | <p>Since the Company was a CPSE falling under Ministry of Railways, compliance with DPE Corporate Governance Guidelines, 2010 is mandatory and the audit qualification for non-appointment of Independent Directors and constitution of Board Committees, in tandem thereof, only pertain to the said guidelines.</p> <p>IrconPBT Limited being a wholly-owned subsidiary of Ircon International Limited ('Ircon'), and an SPV, compliance with all DPE Corporate Governance guidelines is not feasible due to certain powers entrusted to only Holding Company, Ircon International Limited (in terms of Articles of Association of the Company) and correspondingly limited functioning capacity of SPV.</p> <p>In terms thereof, it has been ascertained by the Board that the appointment of Independent Directors, now exempted under Companies Act, 2013, is only applicable due to operation of said DPE Guidelines.</p> <p>It has been accordingly decided by the Board that the requirement of appointing Independent Directors; would again be notified to the holding company, Ircon International Limited, as done on previous occasions.</p> |
| <p>(2) The Company has <i>delayed filing of some of the E-Forms</i> to be filed with the Registrar of Companies, Delhi but the same were filed with requisite additional fees.</p> | <p>Company has been diligent in ensuring that all e-forms to be filed with ROC are done within the prescribed time-limit. However, in extraneous circumstances, some forms were filed with additional fees to ROC.</p> <p>It shall be ensured that such instances are not repeated in future.</p> |

| <u>Other Points</u> | <u>Management Reply</u> |
|---|--|
| <p>(1) The Company has appointed 5 Nominee Directors which are appointed by its holding Company and has exceeded the maximum limit of appointment of 2 Nominee Directors mentioned under the DPE Guidelines.</p> | <p>(1) The composition of the Board of Directors of the Company is in terms of Article 49 of the Articles of Association of the Company and accordingly all the Board of Directors of the Company have been nominated by Holding Company, Ircon International Limited.</p> <p>The Board Composition to be as per DPE Corporate Governance Guidelines, 2010, has not been able to be complied due to Company Structure being WOS of Ircon and an SPV – only incorporated for Project Execution.</p> <p>However, the Company shall be applying for exemption from DPE Corporate Governance Guidelines, 2010 in the financial year 2018-19.</p> |
| <p>(2) The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. However, the Company has directly appointed Directors nominated by Holding Company as Directors instead of appointing them as Additional Directors and regularising them as Director in Annual or Extra-ordinary General Meeting.</p> | <p>(2) The procedure for appointment of directors as nominated by Holding Company, Ircon International Limited, has been through noting at the Subsidiary's Board – IrconPBTL.</p> <p>However, the said procedure for appointment of additional director and regularizing at AGM shall be followed for subsequent financial years.</p> |

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

**Shudodhani
Company Secretary
ACS No.: 36883**

**Date: 24th September 2018
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 of Board of Directors**

Pursuant to Article 49 of the Articles of Association (AOA) of the Company, the power to appoint directors is with the holding company, Ircon International Limited ('Ircon'). Accordingly, the holding company, has appointed five Non-executive directors ('Part-time Directors') on the Board of IrconPBTL through nomination as mentioned below:-

| Sl. No. | Directors | Whole-time/ Part-time/ Independent | Date of Appointment | DIN |
|---------|--------------------------|------------------------------------|---------------------|----------|
| 1. | Mr. Deepak Sabhlok | Part-time Chairman | 30.09.2014 | 03056457 |
| 2. | Mr. Ashok Kumar Goyal | Part-time Director | 30.09.2014 | 05308809 |
| 3. | Mr. Anand Kumar Singh | Part-time Director | 21.07.2016 | 07018776 |
| 4. | Mr. Rajendra Singh Yadav | Part-time Director | 03.03.2017 | 07752915 |
| 5. | Ms. Anupam Ban | Part-time Director | 09.06.2017 | 07797026 |

(b) Meetings and Attendance of Board of Directors

Five Board Meetings have been held during the financial year 2017-18 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. Since the time gap allowed between two consecutive meetings is 90 days, the number of meetings held during the year are in accordance thereby.

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 BOARD COMMITTEES & THE ATTENDANCE OF DIRECTORS & COMMITTEE MEMBERS IN RESPECTIVE MEETINGS THEREOF

(i) Details of Board Meetings Convened During the FY 2017- 2018

SCHEDULE OF BOARD MEETINGS HELD DURING – FY 2017-18

(In compliance of provisions enumerated under Co’s Act, 2013 & DPE Corporate Governance Guidelines, 2010)

| Sr. No. | No. of Board Meeting | Date of Board Meeting | Time Gap w.r.t. Previous Meeting (No. of Days) | No. of Directors Present | No. of Directors Absent |
|---------|----------------------|-----------------------|--|--------------------------|-------------------------|
| 1. | 21 st | June 13, 2017 | - | 5 | Nil |
| 2. | 22 nd | July 28, 2017 | 44 | 4 | 1 |
| 3. | 23 rd | September 6, 2017 | 39 | 5 | Nil |
| 4. | 24 th | November 29, 2017 | 83 | 5 | Nil |
| 5. | 25 th | February 20, 2018 | 82 | 5 | Nil |

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

SCHEDULE OF BOARD COMMITTEE MEETINGS HELD DURING – FY 2017-18

| Sr. No. | Board Committee | No. of Meeting(s) | Date of Committee Meeting | No. of Members Present |
|---------|----------------------------------|-------------------|---------------------------|------------------------|
| 1. | Audit Committee | 3 rd | June 12, 2017 | 3 |
| | | 4 th | July 27, 2017 | 3 |
| | | 5 th | September 6, 2017 | 3 |
| | | 6 th | November 28, 2017 | 3 |
| | | 7 th | February 20, 2018 | 3 |
| 2. | CSR and Sustainability Committee | 2 nd | February 19, 2018 | 3 |

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

Board of Directors Representation at Meetings: FY 2017-2018

| Name and Designation | Number of Meetings of the Board | Number of Board Meetings Attended | Number of Meetings of Committees of the Board (During Directors Tenure) | | | Number of Committee Meetings Attended | | |
|---------------------------------|---------------------------------|-----------------------------------|---|---------------------------|----------------------|---------------------------------------|---------------------------|----------------------|
| | | | Audit | Nomination & Remuneration | CSR & Sustainability | Audit | Nomination & Remuneration | CSR & Sustainability |
| Mr. Deepak Sabhlok, Chairman | 5 | 5 | NA | Nil | NA | NA | NA | NA |
| Mr. Ashok Kumar, Director | 5 | 5 | 5 | Nil | 1 | 5 | NA | 1 |
| Mr. Anand Kumar Singh, Director | 5 | 5 | 5 | Nil | 1 | 5 | NA | 1 |
| Mr. R. S. Yadav, Director | 5 | 5 | 5 | Nil | 1 | 5 | NA | 1 |
| Ms. Anupam Ban, Director | 5 | 4 | NA | Nil | NA | NA | NA | NA |

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 2017-18 pertain to only one AGM held on 25.09.2017 and the only EGM held till date was during the financial year 2014-15, as tabulated below:-

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. | Second Annual General Meeting (AGM) | September 27, 2016 | Yes | NA |
| 3. | Third Annual General Meeting (AGM) | September 25, 2017 | Yes | NA |

NA denotes: Not Applicable

CONSTITUTION OF COMMITTEES OF THE BOARD

I. AUDIT COMMITTEE (AC) & NOMINATION & REMUNERATION COMMITTEE (NRC)

The paid-up share capital of the Company as on 31st March 2015 was ₹ 5 Crores and increased to ₹ 90 Crores during the financial year 2015-16, on account of rights issue of ₹ 85 Crores made to the Holding Company, Ircon. On account of paid-up share capital crossing the threshold limit of ₹ 10 Crores during the previous financial year 2015-16, the requirement of constitution of statutory committees under the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 was notified at the 7th and 9th BoD Meetings held on 29th April 2015 and 26th August 2015 respectively.

Further, in pursuance to Sec 177 and Sec 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the audit committee and nomination and remuneration committee of the Board were constituted and in due compliance of terms of the Corporate Governance Guidelines issued by the Department of Public Enterprises (DPE), 2010.

Approval for Constitution of Audit Committee and Nomination and Remuneration Committee was accorded at the 18th BoD meeting of IrconPBL.

A. Audit Committee (AC)

Composition:-

- | | |
|--|---------------|
| (i) Mr. A. K. Singh, ED/Finance, Ircon Nominee Director | - As Chairman |
| (ii) Mr. A. K. Goyal, Executive Director/Projects, Ircon Nominee Director | - As Member |
| (iii) Mr. R. S. Yadav, Project Director/J&K, Ircon Nominee Director | - As Member |

Terms of Reference:-

The Audit Committee shall have following roles and responsibilities:-

- (i) **the recommendation** for remuneration of Statutory Auditors of the company;
- (ii) **Review or examination** of the Quarterly and Annual Financial Statements and Auditors' Report thereon before submission to the Board for approval;
- (iii) **Review** of follow-up action on the audit observations of the C&AG Audit;
- (iv) **approval** of payment to statutory auditors for any other services rendered by them;
- (v) **approval** or any subsequent modification of transactions of the company with related parties;
- (vi) **scrutiny** of inter-corporate loans and investments;
- (vii) **valuation** of undertakings or assets of the company, wherever it is necessary;
- (viii) **evaluation** of internal financial controls and risk management systems and review of internal audit reports;
- (ix) **reviewing** the performance of internal auditors and adequacy of internal control systems; and
- (x) **monitoring** the end use of funds raised through public offers and related matters.

B. Nomination and Remuneration Committee (NRC)

Composition:-

- | | |
|---|----------------------|
| (i) Mr. A. K. Goyal, Executive Director/Projects, IIcon | - As Chairman |
| Nominee Director | |
| (ii) Mr. A. K. Singh, Executive Director /Finance, IIcon | - As Member |
| Nominee Director | |
| (iii) Mr. R. S. Yadav, Project Director/J&K, IIcon | - As Member |
| Nominee Director | |

Terms of Reference:-

The Nomination and Remuneration Committee shall:-

- Review the policies for selection of persons in Senior Management (one level below the Director) and other employees as per DPE and other Government Guidelines, and recommend the same for approval to the Board;
- Recommend to the Board a policy, relating to the remuneration for the key managerial personnel and other employees; and
- Any other work as may be included by Companies Act or DPE Guidelines from time to time.

II. CSR & SUSTAINABILITY (CSR-SY) COMMITTEE & ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

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.

Accordingly, the constitution of CSR Committee was required on meeting the ‘threshold limits’ of having a Net Profit (before tax) of ₹ 5 Crores and was duly constituted in pursuance of Companies Act, 2013 and in compliance of ‘DPE Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises’.

The ‘**CSR and Sustainability Committee**’ of the Board was thereby constituted on approval accorded at the 19th BoD meeting of Company and the **1st CSR and Sustainability Committee Meeting was held on 8th February 2017 to approve the CSR and Sustainability Policy and to approve CSR Expenditure of ₹ 4,13,000/-.**

At the **20th BoD meeting held on 14th March 2017**, the Board considered the recommendations of the CSR and Sustainability (CSR-SY) Committee and stated that since the Company was currently in construction phase and had nil revenue from operations, the CSR Expenditure of the amount of ₹ 4,13,100/- (Rupees Four Lakh Thirteen Thousand One Hundred Only) shall be carried forward to the next financial year 2017-18.

Accordingly, the entire prescribed CSR Expenditure of ₹ 4,13,100/- has been not spent during the financial year 2016-17.

For the financial year 2017-18, the CSR expenditure of ₹ 3,36,473/- has also been carried forward to next financial year 2018-19.

Cumulative Balance for CSR Expenditure being of ₹ 7,49,573/- carried forward to FY 2018-19.

The Board of Directors have at their 25th meeting held on 20.02.2018, after thorough deliberations on the recommendations made by the CSR and Sustainability Committee, agreed with the proposal to carry forward the **cumulative CSR and Sustainability Fund of Rs. 7,49,473/- to financial year 2018-19 and to make adequate provision for the same in the books of account of the Company.**

Accordingly, provisioning in Books of Account, for FY 2017-18, for CSR and Sustainability Provision or CSR and Sustainability Fund is for the value of Rs. 7,49,573/-.

The Annual Report on CSR for the financial year 2017-18 is annexed herewith as **ANNEXURE – VI.**

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 2017-18, and is attached herewith as **ANNEXURE – IV’A.**

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
Irrcon 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, 2018, by Irrcon 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), *except non-appointment of Independent Directors on its Board and Constitution of Audit Committee and Remuneration Committee with no Independent Directors as members, under the provisions of DPE Corporate Governance Guidelines, 2010. Apart from the aforementioned observation, the Company has appointed 5 Nominee*

Directors which are appointed by its holding Company and has exceeded the maximum limit of appointment of 2 Nominee Directors mentioned under the DPE Guidelines.

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: 24.09.2018

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

We have reviewed the Financial Statements including the Balance Sheet, Statement of Profit and Loss, Statement of Cash Flows, Statement of Changes in Equity, and a summary of significant accounting policies and other explanatory information for the Financial Year 2017-2018 and to the best of our knowledge and belief:-

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iii) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which 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 take to rectify these deficiencies.
- (v) We have indicated to the Auditors 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.

A. K. Singh
Chief Executive Officer (CEO)

Sanjay Podder
Chief Financial Officer (CFO)

Date: 18.07.2018
Place: New Delhi

ANNEXURE – VI**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)****(Amount in ₹ Lakhs)**

| | | |
|-----|---|--|
| 1. | Whether the Company has framed CSR policy? If yes, a brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken. | <p>As per provisions of Section 135 of the Companies Act, 2013, the Company has to provide at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013.</p> <p>For F.Y. 2016-17: Company has made Provision of Rs. 4.13 lakhs for CSR expenditure. Company was under construction phase and had not yet started its commercial operations hence company had not expended any sum towards CSR and had carried forward the amount to the next financial year.</p> <p>For F.Y. 2017-18: Company has made Provision of Rs. 3.36 lakhs for CSR expenditure. Company was of the view that being under construction, and requiring earmarking funds to dedicated CSR Projects/Programs, the CSR Expenditure of Rs. 3.36 lakhs be carried forward to next FY 2018-19.</p> <p>Cumulative CSR Expenditure: Rs. 4.13 Lakhs & Rs. 3.36 Lakhs, cumulative of the value of Rs. 7.49 Lakhs, has been carried forward to FY 2018-19.</p> |
| 2. | The Composition of the CSR Committee | <p>Company has a Board level Committee for undertaking the CSR and Sustainability activities / projects.</p> <p>CSR and Sustainability Committee Composition during 2017-18 was as under:</p> <ol style="list-style-type: none"> 1. Mr. Ashok Kumar Goyal - Chairman 2. Mr. Anand Kumar Singh - Member 3. Mr. Rajendra Singh Yadav - Member <p>The 1st CSR and Sustainability (CSR-SY) committee meeting was held on 8th Feb, 2017 and the 2nd CSR and Sustainability (CSR-SY) committee meeting was held on 20th Feb, 2018.</p> |
| 3. | Average net profit of the company for last three financial years | The average net profit of the Company in the last three financial years is Rs. 168.23 Lakhs. |
| 4. | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) | CSR expenditure on account of CSR @2% of Average Profit Before Tax of Three F.Y. 14-15, 15-16 & 16-17 (168.23*2%) is of Rs. 3.36 Lakhs |
| 5. | Details of CSR spent during the financial year | During the year 2017-18, the Company has not spent any amount on CSR activities. |
| (a) | Total amount to be spent for | Rs. 7.49 Lakhs |

| | | |
|-----|--|--|
| | the financial year | |
| (b) | Amount unspent , if any | Rs. 7.49 Lakhs |
| (c) | Reasons for not spending two per cent of the average net profit of the last three financial years or any part thereof. | <p>Since the company is currently in construction phase and has nil income from operation, the CSR expenditure of Rs. 7.49 Lakhs has been carried forward to next F.Y 2018-19. The reason therefore has been recorded. Accordingly nil amounts have been spent during F.Y. 2017-18.</p> <p>CSR Projects or Programs to be undertaken at Project Office or through Ircon, holding company, shall be identified for expending the corpus amount of Rs. 7.49 Lakhs in FY 2017-18.</p> |

IRCON PB TOLLWAY LIMITED

AUDIT REPORT AND BALANCE SHEET

FOR THE FINANCIAL YEAR 2017-18



PRAVEEN AGGARWAL & CO.
CHARTERED ACCOUNTANTS

23, Bhai Veer Singh Marg,
Gole Market, New Delhi-110001

Office : 23368424, 23366495
Mobile : 9312831911
E-mail : pkagg123@gmail.com

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
IRCON PB TOLLWAYS LIMITED**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of IRCON PB TOLLWAYS LIMITED ("The Company") which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit & Loss (including Other Comprehensive Income), Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "IND AS Financial Statements").

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 Ind AS financial statements that give a true and fair view of the State of affairs of the financial position, profit or loss (financial performance including other comprehensive income), cash flows and changes in equity in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS 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 of the Ind AS financial statements 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including Ind AS:

- (a) of the state of affairs the financial position of the company as at March 31st 2018; and
- (b) its profit/loss (financial performance including other comprehensive income) for the year ended on that date.
- (c) Cash Flow Statement for the year ended on that date.
- (d) the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 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 our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit & Loss, Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- 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:
- i. The Company does not have pending litigations which would impact its financial position.
 - ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

(3) As required by Section 143(5) of the Act and as per directions issued by comptroller and Auditor General of India, we report that:

| Sl. No. | Directions | Auditor's Replies |
|---------|--|--|
| (i) | Whether the company has clear title/ lease deeds 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 leasehold and hence this clause is not applicable. |



| | | |
|-------|---|---|
| (ii) | Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons thereof 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/grants(s) from Govt. or other authorities. | The company is not having any inventory during the year. No assets have been received as gift /grants(s) from Govt. or other authorities during the FY 2016-17 |

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

Rahul Aggarwal

**Rahul Aggarwal - FCA
Partner
Membership No. 501642**



**Place: New Delhi
Date: 23.07.2018**

“Annexure A” to the Independent Auditors’ Report of even date on the Standalone Financial Statements of the IRCON PB Tollways Limited for the year ended 31st March, 2018

- 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. Therefore, paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security; the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. According to the information and explanations given to us, and as per our examination of records, the Company has not accepted any deposits from public and therefore, the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provision of the Companies Act, 2013, and rules framed there under, are not applicable.
- vi. The 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, sales tax, service-tax, duty of customs, duty of excise, value added 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 31.03.2018 for a period of more than six months from the date the same become payable.
- b. According to the information and explanation given to us, and as per our examination of records of the Company, no dues on account of sales tax, service tax, entry tax, trade tax, income tax, duty of customs, royalty,


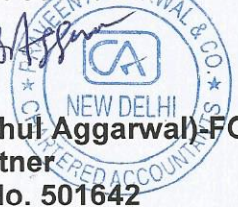


provident fund, duty of excise and cess matters that have not been deposited on account of dispute as on 31.3.2018.

- iii. The Company have not taken any loan from financial institution, bank, government or dues to debenture holder so the question of default by the Company in repayment of loans or borrowing does not arise.
- iv. 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.
- v. 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.
- vi. According to the information and explanations given to us, the provisions of section 197 read with Schedule V to the Companies Act, 2013 are not applicable to the Company.
- vii. The Company is not a Nidhi Company as specified in the Nidhi Rules, 2014. Thus, the requirements under para 3(xii) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
- viii. 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 IND accounting standards.
- ix. 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.
- x. 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.
- xi. 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

FRN 000044N



(Rahul Aggarwal)-FCA
Partner
M.No. 501642

Place: New Delhi
Date : 23.07.2018

“Annexure B” to the Independent Auditors’ Report of even date on the Standalone Financial Statements of the IRCON PB Tollways Limited for the year ended 31st March, 2018

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 the company as of March 31, 2018 in conjunction with our audit of the standalone 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 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, 2018, 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
FRN 000044N




(Rahul Aggarwal)-FCA
Partner
M.No. 501642

Place: New Delhi
Date: 23.07.2018

IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)

BALANCE SHEET
as at 31st March 2018

(Amount In Rs Lakhs)

| Particulars | Note No. | As at 31st Mar 2018 | As at 31st March 2017 |
|---|----------|---------------------|-----------------------|
| I. ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Property, Plant and equipment | 3 | 0.43 | 0.51 |
| (b) Capital work-in-progress | | - | - |
| (c) Investment Property | | - | - |
| (d) Other Intangible assets | | - | - |
| (e) Intangible assets under development | 4 | 27,758.15 | 22,378.20 |
| (f) Financial Assets | 5 | - | - |
| (i) Investments | | - | - |
| (ii) Trade Receivables | 5.1 | 95.78 | 95.78 |
| (iii) Loans | 5.2 | 0.03 | 2.04 |
| (iv) Others | 5.3 | 0.40 | 1.19 |
| (g) Deferred tax assets (Net) | 6 | 10.46 | 19.55 |
| (h) Other non-current assets | | - | - |
| | | 27,865.24 | - |
| 2 Current assets | | | |
| (a) Inventories | | - | - |
| (b) Financial Assets | 7 | - | - |
| (i) Investments | | - | - |
| (ii) Trade Receivables | 7.1 | 1,942.26 | 1,310 |
| (iii) Cash and cash equivalents | 7.2 | 3,530.89 | 607.33 |
| (iv) Bank Balances other than (iii) above | | - | - |
| (v) Loans | 7.3 | 3.29 | 0.86 |
| (vi) Others | 7.4 | 10,100.09 | 0.88 |
| (c) Current tax Assets(Net) | 8 | 336.52 | 73.97 |
| (d) Other current assets | 9 | 81.55 | 888.55 |
| Total Assets | | 43,859.84 | 25,379.32 |
| II. EQUITY AND LIABILITIES | | | |
| 1 Equity | | | |
| (a) Equity Share Capital | 10 | 16,500.00 | 16,500.00 |
| (b) Other Equity | 11 | 392.94 | 310.23 |
| (c) Share Application Money Pending Allotment | | - | - |
| | | 16,892.94 | - |
| 2 Liabilities | | | |
| (i) Non-current liabilities | | | |
| (a) Financial Liabilities | 12 | - | - |
| (i) Borrowings | 12.1 | 24,085.00 | 8,000 |
| (ii) Trade Payables | | - | - |
| (iii) Other financial liabilities | | - | - |
| (b) Provisions | | - | - |
| (c) Deferred Tax Liabilities Net | | - | - |
| (d) Other Non-Current Liabilities | | - | - |
| | | 24,085.00 | - |
| 4 Current liabilities | | | |
| (a) Financial Liabilities | 13 | - | - |
| (i) Borrowings | 13.1 | - | - |
| (ii) Trade payables | 13.2 | 2,590.10 | 373.26 |
| (ii) Other financial liabilities | 13.3 | 41.31 | 86.69 |
| (b) Other current liabilities | 14 | 242.99 | 105.01 |
| (c) Provisions | 15.1 | 7.49 | 4.13 |
| (d) Current Tax liability (Net) | 15.2 | - | - |
| | | 2,881.89 | - |
| Head Office Balance | | | |
| | | - | - |
| Total Equity and Liabilities | | 43,859.84 | 25,379.32 |
| III. See accompanying notes to the financial statements | | | |

As per our Report of even date attached

For Praveen Aggarwal & Co

Chartered Accountants

FRN 000044N

Praveen Aggarwal

Rahul Aggarwal

Partner

M. No. 5016842



Place : New Delhi
Date : 23.07.2018

For and on behalf of IRCON PB TOLLWAY Limited

Deepak Sabhlok
Deepak Sabhlok
(Chairman)
DIN 03056457

Sanjay Podder
Sanjay Podder
(Chief Financial Officer)

Ashok Kumar Goyal
Ashok Kumar Goyal
Director
DIN 05308809

Ajay Kumar Singh
Ajay Kumar Singh
(Chief Executive Officer)

Anand Kumar Singh
Anand Kumar Singh
Director
DIN: 07018776

Shudodhani
Shudodhani Sharma
(Company Secretary)



IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)

STATEMENT OF PROFIT AND LOSS
For the period 01.04.2017 to 31.03.2018

(Amount In Rs Lakhs)

| Particulars | Note No. | For the Year ended 31st March 2018 | For the year ended 31st March 2017 |
|--|----------|------------------------------------|------------------------------------|
| I. Revenue : | | | |
| Revenue from operations | 16 | 27,754.36 | 17,788.96 |
| II. Other income | 17 | 126.93 | 87.93 |
| III. Total Income (I + II) | | 27,881.29 | 17,876.89 |
| IV. Expenses: | | | |
| Operating and administrative expenses : | 18 | | |
| - Operating Expenses | | 25,814.89 | 17,486.24 |
| - Administrative Expenses | | 1.99 | 1.10 |
| Employee benefits expenses | 19 | 276.45 | 206.29 |
| Finance costs | 20 | 1,662.76 | 100.38 |
| Depreciation, amortization and impairment | 21 | 0.26 | 0.18 |
| Other Expenses | | - | - |
| Total Expenses (IV). | | 27,756.35 | 17,794.18 |
| V. Profit/loss Before exceptional items and Tax (III - IV) | | 124.94 | 82.71 |
| VI. Exceptional items | | - | - |
| VII. Profit/(Loss) before tax (V - VI) | | 124.94 | 82.71 |
| VIII. Tax expense: | | | |
| (1) Current tax | | | |
| - For the year | 15.2 | 33.08 | 17.05 |
| - For earlier years (net) | 15.2 | 0.05 | - |
| (2) Deferred tax (net) | 6 | 9.09 | 11.88 |
| Total Tax Expense (VIII) | | 42.23 | 28.93 |
| IX Profit/(loss) for the period from continuing operation (VII - VIII) | | 82.71 | 53.77 |
| X Profit/(loss) from discontinued operations | | - | - |
| XI Tax Expense of discontinued operations | | - | - |
| XII Profit/(loss) from discontinued operations (after tax) (X-XI) | | - | - |
| XIII Profit/(loss) for the period (IX+XII) | | 82.71 | 53.77 |
| XIV Other Comprehensive Income | | | |
| A. (i) Items that will not be reclassified to profit and loss | | - | - |
| (ii) Income Tax relating to Items that will not be reclassified to profit and loss | | - | - |
| B. (i) Items that will be reclassified to profit and loss | | - | - |
| (ii) Income Tax relating to Items that will be reclassified to profit and loss | | - | - |
| Total Comprehensive Income for the period (XIII +XIV) (Comprising profit (loss) and other comprehensive income for the period) | | 82.71 | 53.77 |
| XVI Earnings Per Equity Share: (For Continuing Operation) | | | |
| (1) Basic | | 0.05 | 0.04 |
| (2) Diluted | | 0.05 | 0.04 |
| XVII Earnings Per Equity Share: (For discontinuing Operation) | | | |
| (1) Basic | | - | - |
| (2) Diluted | | - | - |
| XVIII Earnings Per Equity Share: (For discontinued and continuing Operation) | | | |
| (1) Basic | | 0.05 | 0.04 |
| (2) Diluted | | 0.05 | 0.04 |

As per our Report of even date attached

For Praveen Aggarwal & Co
Chartered Accountants
FRN 000044N

Rahul Aggarwal
Partner
M. No. 501642



Place : New Delhi
Date : 23.07.2018

For and on behalf of IRCON PB TOLLWAY Limited

Deepak Sabhlok
(Chairman)
DIN 03056457

Sanjay Podder
(Chief Financial Officer)

Ashok Kumar Goyal
(Director)
DIN 05308809

Ajay Kumar Singh
(Chief Executive officer)

Anand Kumar Singh
(Director)
DIN: 07018776

Shudodhani Sharma
(Company Secretary)



IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)
Cash Flow Statement
For the period 01.04.2017 to 31.03.2018

| PARTICULARS | (Amount In Rs Lakhs) | |
|---|-----------------------|-----------------------|
| | As at 31st March 2018 | As at 31st March 2017 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before taxation | | |
| Adjustment for : | | |
| Depreciation, amortization and impairment | 124.94 | 82.71 |
| Interest Income | 0.26 | 0.18 |
| Provisions - CSR | (126.93) | (87.93) |
| Operating Profit before working capital changes | 3.36 | 4.13 |
| Adjustment for : | (1) | (0.92) |
| Decrease / (Increase) in Trade Receivables / Loans & Advances | | |
| Decrease / (Increase) in Other Assets | (631.42) | (1,405.27) |
| (Decrease) / Increase in Trade Payables | (9,292.22) | 124.86 |
| (Decrease) / Increase in Other Financial Liabilities | 2,216.84 | (1,808.75) |
| (Decrease) / Increase in Other Liabilities & Provisions | (45.38) | 86.69 |
| | 137.98 | (400.16) |
| Cash generated from operation | (2) | (3,402.62) |
| Income Tax Paid | (1+2) | (3,403.54) |
| NET CASH FROM OPERATING ACTIVITIES | (A) | (161.56) |
| | | (7,908.26) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Property, Plant and Equipment including CWIP | | |
| Purchase of Intangible Assets | (0.18) | (0.35) |
| Purchase/Proceeds of Investment Property | (5,379.94) | (17,788.96) |
| Sale of Property, Plant and Equipments | - | - |
| Loan to Subsidiaries & Joint Ventures | - | - |
| Repayment of Loan from Subsidiaries & Joint Ventures | - | - |
| Interest Received | - | - |
| NET CASH FROM INVESTING ACTIVITIES | (B) | 87.93 |
| | | (5,253.20) |
| CASH FLOW FROM FINANCING ACTIVITIES* | | |
| Borrowings | | |
| Issue of equity Shares | 16,085.00 | 8,000.00 |
| Transaction Cost | - | 7,500 |
| Share Application Money Pending Allotment | - | (7.50) |
| NET CASH FROM FINANCING ACTIVITIES | (C) | 15,492.50 |
| | | 16,085.00 |
| Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents | (D) | - |
| NET DECREASE IN CASH & CASH EQUIVALENT | (A+B+C+D) | (5,773.97) |
| | | 2,923.55 |
| CASH AND CASH EQUIVALENT (OPENING) | | |
| Cash Balances | (E) | 607.33 |
| Balance with Banks | | 577.13 |
| Short term investments | | 30.21 |
| CASH AND CASH EQUIVALENT (CLOSING) | (F) | 607.33 |
| Cash Balances | | 3,530.89 |
| Balance with Banks | | 132.99 |
| Short term investments | | 3,397.90 |
| NET DECREASE IN CASH & CASH EQUIVALENT | (F - E) | 30.21 |
| | | 2,923.55 |

***RECONCILIATION OF CASH FLOWS ARISING FROM FINANCING ACTIVITIES AS PER IND AS - 7**

| S.No. | Particulars | As at 31.03.2017 | Non Cash Flows | Cash Flows | As at 31.03.2018 |
|-------|--|------------------|----------------|------------------|------------------|
| 1 | Borrowings | 8,000 | - | 16,085 | 24,085 |
| | Total Liabilities from financing activities | 8,000.00 | - | 16,085.00 | 24,085.00 |

- Note: 1. Cash Flow Statement has been prepared under indirect method as set out in IND AS-7 (Cash Flow Statements)
2. Cash and cash equivalents consist of cash in hand and balances with banks.
3. Figures in brackets represent outflow of cash.
4. Figures of the previous year have been regrouped/recast wherever necessary.
5. Cash & Cash Equivalent (closing) Includes margin money/under lien Rs. NIL (Rs. NIL).

As per our Report of even date attached

For Praveen Aggarwal & Co
Chartered Accountants
FRN 900044N

Rahul Aggarwal
Partner
M. No. 501642



Place : New Delhi
Date : 23.07.2018

For and on behalf of IRCON PB TOLLWAY Limited

Deepak Sabhlok
(Chairman)
DIN 03056457

Sanjay Podder
(Chief Financial Officer)

Ashok Kumar Goyal
(Director)
DIN 05308809

Ajay Kumar Singh
(Chief Executive officer)

Anand Kumar Singh
Director
DIN: 07018776

Shudodhani
Shudodhani Sharma
(Company Secretary)



STATEMENT OF CHANGES IN EQUITY

IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)
Statement of changes in equity for the period ended 31st March 2018

| A. Equity share capital | (Amount in lakhs.) |
|--|--------------------|
| Balance as at April 01, 2017 | 16,500 |
| Add: Shares issued during the year | - |
| Balance as at March 31, 2018 (Refer Note 10) | 16,500 |

| Particulars | Reserve & Surplus | | | Items of Other Comprehensive Income | | | Total |
|---|------------------------|------------------|-------------------|-------------------------------------|--|---|--------|
| | CSR Activities Reserve | General Reserves | Retained Earnings | Debt Instruments Through OCI | Exchange differences on translating the financial statement of a foreign operation | Other Items of Other comprehensive Income | |
| Balance as at April 01, 2017 | - | - | 310.23 | - | - | - | 310.23 |
| Total Comprehensive Income for the year | - | - | 82.71 | - | - | - | 82.71 |
| Dividends Paid | - | - | - | - | - | - | - |
| Dividend Distribution Tax | - | - | - | - | - | - | - |
| Stamp Duty Paid on Issue of Share capital | - | - | - | - | - | - | - |
| Balance as at March 31, 2018 | - | - | 392.94 | - | - | - | 392.94 |

As per our Report of even date attached

For Praveen Aggarwal & Co

For and on behalf of IRCON PB TOLLWAY Limited

Chartered Accountants

FRN 000044N

Rahul Aggarwal
Partner
M. No. 501642

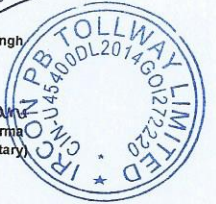


Place : New Delhi
Date : 23.07.2018

[Signature]
Deepak Sabhlok
Chairman
DIN 03056457
[Signature]
Sanjay Podder
(Chief Financial Officer)

[Signature]
Ashok Kumar Goyal
Director
DIN 05308809
[Signature]
Ajay Kumar Singh
(Chief Executive Officer)

[Signature]
Anand Kumar Singh
Director
DIN: 07018776
[Signature]
Shudodhani Sharma
(Company Secretary)



3 Non - Current Assets
Property, Plant and Equipment

(Amount In Lakhs)

| Foot Notes | Computers/Office equip | Total |
|------------------------------------|------------------------|-------------|
| Cost or valuation | | |
| At 1 April 2016 | | |
| Additions | 0.82 | 0.82 |
| Disposals/Adjustments | | - |
| At 31 March 2017 | 0.82 | 0.82 |
| Additions | 0.18 | 0.18 |
| Disposals/Adjustments | - | - |
| At 31st March 2018 | 1.00 | 1.00 |
| Depreciation and impairment | | |
| At 1 April 2016 | 0.17 | 0.17 |
| Depreciation charge for the year | 0.14 | 0.14 |
| Impairment | | - |
| Disposals/Adjustments | | - |
| At 31 March 2017 | 0.31 | 0.31 |
| Depreciation charge for the year | 0.26 | 0.26 |
| Impairment | - | - |
| Disposals/Adjustments | - | - |
| At 31st March 2018 | 0.57 | 0.57 |
| Net book value | | |
| At 31st March 2018 | 0.43 | 0.43 |
| At 31 March 2017 | 0.51 | 0.51 |

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

| Description | Amt in Rs Lakhs | |
|---------------------------------|-----------------------|------------------|
| | As at 31st March 2018 | As at March 2017 |
| Depreciation on Tangible Assets | 0.26 | 0.18 |
| Impairment Loss | - | - |
| Total | 0.26 | 0.18 |



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Non - Current Assets

4 Intangible Assets

| Particulars | (Amount In Lakhs) | |
|---|-------------------------------------|------------------------------|
| | Intangible assets under development | Other Intangibles (Software) |
| Opening balance at 1 April 2016 | 4,589.25 | 0.00 |
| Addition during the year | 17,788.96 | - |
| Adjustment | - | - |
| Closing Balance at 31 March 2017 | 22,378.20 | 0.00 |
| Addition during the year | 27,754.36 | - |
| Less- Cash Support from NHAI (Refer Note 24 xiii) | 22,374.42 | - |
| Closing balance at 31st March 2018 | 27,758.15 | 0.00 |
| <u>Amortisation and Impairment</u> | | |
| Opening balance at 1 April 2015 | - | - |
| Amortisation | - | - |
| Impairment | - | - |
| Adjustment | - | - |
| Closing Balance at 31 March 2017 | - | - |
| Amortisation | - | - |
| Impairment | - | - |
| Adjustment | - | - |
| Closing balance at 31st March 2018 | - | - |
| <u>Net book value</u> | | |
| At 31st March 2018 | 27,758.15 | 0.00 |
| At 31 March 2017 | 22,378.20 | 0.00 |



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IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)

Notes Forming Part of the Financial Statements

5 Non - Current Assets

Financial Assets

5.1 Trade Receivables

(Fair value at Amortised Cost)

(Amount In Rs Lakhs)

| Particulars | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| - Trade receivables | - | - |
| - Retention Money with client (Refer Note 24 xvi) | 95.78 | 95.78 |
| - Money Withheld by Client | - | - |
| Less : Allowances for doubtful - Trade Receivables Receivables from related parties | - | - |
| Total | 95.78 | 95.78 |



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5 **Non - Current Assets**
Financial Assets

5.2 Loans
(At Fair value at Amortised Cost)

| Particulars | (Amount In Rs Lakhs) | |
|--|----------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| A. Secured, considered good | | |
| Staff Loans and Advances | 0.03 | 2.04 |
| Total (A) - Secured Loans | 0.03 | 2.04 |
| B. Unsecured, considered good | | |
| (i) Loans and Advances to Related Parties: | | |
| Total (i) | - | - |
| (ii) Others: | | |
| Staff Loans & Advances | - | - |
| Total (ii) | - | - |
| Total (B) - Unsecured Loans (i+ii) | - | - |
| C. Considered Doubtful | | |
| (i) Loans and Advances to Related Parties: | | |
| Total (i) | - | - |
| (ii) Others: | | |
| Staff Loans and Advances | - | - |
| Total (ii) | - | - |
| Total - (i+ii) | - | - |
| Less : Allowance for doubtful loans | - | - |
| Total (C) - Doubtful Loans | - | - |
| Grand Total - Loans | 0.03 | 2.04 |

5.3 Other Financial Assets

(At Fair value at Amortised Cost)

| Particulars | 31 March 2018 | 31 March 2017 |
|--|---------------|---------------|
| a) Considered Good | | |
| Security Deposits | | |
| - Government Departments | - | - |
| - Others | - | - |
| Interest Accrued on Advances to Staff | 0.35 | 0.35 |
| | 0.05 | 0.84 |
| Total - Other Financial Assets - Good | 0.40 | 1.19 |
| b) Considered Doubtful | | |
| Security Deposits | | |
| - Government Departments | - | - |
| - Others | - | - |
| Interest Accrued on Advances to Staff | - | - |
| Interest Accrued on Loan to Related Party | - | - |
| - Companhia Dos Caminhos De Ferro Da Beira | - | - |
| Others | - | - |
| Less : Allowance for doubtful financial assets | - | - |
| Total - Other Financial Assets - Doubtful | - | - |
| Grand Total - Other Financial Assets | 0.40 | 1.19 |



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Non - Current Assets
6 Deferred Tax Assets

(Amount In Lakhs)

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---------------|---------------|
| Provisions | - | - |
| Property, Plant and Equipment and Intangible Assets | - | - |
| Others | 10.46 | 19.55 |
| Closing balance | 10.46 | 19.55 |

Reconciliation / Movements in Deferred Tax Assets

| Particulars | Provisions | PPE and Intangible Assets | Others | Total |
|---------------------------------|------------|---------------------------|--------|-------|
| As at 31 March 2017 | - | - | 19.55 | 19.55 |
| (Charged)/Credited : | | | | |
| - to profit or loss | | | 9.09 | 9.09 |
| - to Other Comprehensive Income | - | - | - | - |
| As at 31st March 2018 | - | - | 10.46 | 10.46 |

Income Tax Expense

Profit or loss Section

(Amount In Lakhs)

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---------------|---------------|
| Current income tax: | | |
| Current income tax charge | 33.08 | 17.05 |
| Adjustments in respect of current income tax of previous year | 0.05 | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 9.09 | 11.88 |
| Income tax expense reported in the statement of profit or loss | 42.23 | 28.93 |

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2017 and 31st March 2018:

| Particulars | 31 March 2018 | 31 March 2017 |
|---|---------------|---------------|
| Accounting profit before tax from continuing operations | 124.94 | 82.71 |
| Profit/(loss) before tax from a discontinued operation | - | - |
| Accounting profit before income tax | 124.94 | 82.71 |
| At India's statutory income tax rate of 33.063%, (31st March, 2018), 30.9% (31 March 2017) | 41.31 | 25.56 |
| Adjustments in respect of current income tax of previous years | 0.05 | 2.11 |
| Utilisation of previously unrecognised tax losses | - | - |
| <u>Non-deductible expenses for tax purposes:</u> | | |
| Other non-deductible expenses | 2.23 | 1.28 |
| Adjustment to opening deferred tax assets resulting from increase in tax rate | -1.37 | - |
| At the effective income tax rate of 33.80% (31st March 2018), 34.99% (31 March 2017) | 42.23 | 28.93 |
| Income tax expense reported in the statement of profit and loss | 42.23 | 28.93 |
| Income tax attributable to a discontinued operation | - | - |
| | 42.23 | 28.93 |



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IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)
Notes Forming Part of the Financial Statements

Current Assets

7 Financial Assets

7.1 Trade Receivables

(Fair value at Amortised Cost)

Amt in Rs Lakhs

| Particulars | 31 March 2018 | 31 March 2017 |
|---|-----------------|-----------------|
| - Trade receivables | 1,854.26 | 1,310.48 |
| - Retention Money with client | - | - |
| - Money Withheld by Client | 88.00 | - |
| Less : Allowances for doubtful receivables | - | - |
| Allowances for doubtful Retention Money with client | - | - |
| Allowances for doubtful Money Withheld by Client | - | - |
| Receivables from related parties | - | - |
| Total | 1,942.26 | 1,310.48 |

Break-up for Trade Receivables

Amt in Rs Lakhs

| Particulars | 31 March 2018 | 31 March 2017 |
|---|-----------------|-----------------|
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 1,405.72 | 1,310.48 |
| Doubtful | - | - |
| Allowances for Doubtful receivables | 1,405.72 | 1,310.48 |
| | - | - |
| | 1,405.72 | 1,310.48 |
| Outstanding for a period Less than six months from the date they are due for payment | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 448.54 | - |
| Doubtful | - | - |
| Allowances for Doubtful receivables | 448.54 | - |
| | - | - |
| | 448.54 | - |
| Total Trade receivables | 1,854.26 | 1,310.48 |



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IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)
Notes Forming Part of the Financial Statements

- 7 Current Assets
- 7 Financial Assets
- 7.2 Cash and Cash equivalents

| Particulars | (Amount in Lakhs) | |
|---|-------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Cash in hand | - | - |
| Cheques/drafts in hand | - | - |
| Balances with banks.* | - | - |
| - On current accounts | 132.99 | 577.13 |
| - Flexi Accounts | - | - |
| - Deposits with original maturity of less than three months | 3,397.90 | 30.21 |
| | 3,530.89 | 607.33 |

* The above balances pertain to Escrow Accounts which is Earmarked Fund as per the Concession Agreement



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IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)
Notes Forming Part of the Financial Statements

Current Assets
Financial Assets

7.3 Loans
(At Fair value at Amortised Cost)

| Particulars | (Amount In Lakhs) | |
|--|-------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| A. Secured, considered good | | |
| Staff Loans and Advances | 2.01 | 0.57 |
| Total (A) - Secured Loans | 2.01 | 0.57 |
| B. Unsecured, considered good | | |
| (i) Loans and Advances to Related Parties: | | |
| Total (i) | - | - |
| (ii) Others: | | |
| Staff Loans & Advances | 1.29 | 0.29 |
| Total (ii) | 1.29 | 0.29 |
| Total (B) - Unsecured Loans (i+ii) | 1.29 | 0.29 |
| C. Considered Doubtful | | |
| 1. Loans and Advances to Related Parties: | | |
| 2. Others: | | |
| Total (C) - Doubtful Loans | - | - |
| Grand Total | 3.29 | 0.86 |

7.4 Other Financial Assets
(At Fair value at Amortised Cost)

| Particulars | (Amount In Lakhs) | |
|---|-------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| a) Considered Good | | |
| Interest Accrued on : | | |
| - Advance to Staff | 0.93 | 0.81 |
| - Deposits with Banks | 0.69 | 0.07 |
| Others: | | |
| (i) Cash Support due from NHAI | 10,098.47 | - |
| (iii) Claims Recoverable from Clients | - | - |
| (iv) Other Recoverables | - | - |
| Total - Other Financial Assets - Good | 10,100.09 | 0.88 |
| b) Considered Doubtful | | |
| Security Deposits | | |
| - Government Departments | - | - |
| - Others | - | - |
| Less : Allowance for doubtful financial assets (others) | - | - |
| Total - Other Financial Assets - Doubtful | - | - |
| GrandTotal - Other Financial Others | 10,100.09 | 0.88 |



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IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)
Notes Forming Part of the Financial Statements

8 Current Tax Assets (Net)

| Particulars | (Amount In Lakhs) | |
|--|-------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Advance Tax / TDS | | |
| - Less:- Provision for Tax (Refer Note 15.2 for details) | 369.60 | 91.02 |
| | (33.08) | (17.05) |
| | 336.52 | 73.97 |

9 Other Current Assets

| Particulars | (Amount In Lakhs) | |
|--|-------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| a) Advances Other than Capital Advances | | |
| Advances to Contractors against material and machinery | - | - |
| Advances to Contractors, Suppliers and Others | - | - |
| Tax Authority | - | - |
| - GST Input credit | 1.83 | - |
| Total - Advances Other than Capital Advances | 1.83 | - |
| b) Others | | |
| Billable Revenue | - | 807.00 |
| Prepaid Expenses | - | 24.08 |
| WCT Receivable (Refer Note 24 (xi)) | 4.46 | 57.47 |
| Other Recoverable | 57.47 | 57.47 |
| | 17.79 | |
| Total - Others | 79.72 | 888.55 |
| c) Considered Doubtful | | |
| Advances to Contractors, Suppliers and Others | - | - |
| Sales Tax (including TDS) | - | - |
| Others | - | - |
| Value Added Tax | - | - |
| Less: Allowance for doubtful advances | - | - |
| Total - Considered Doubtful | - | - |
| Grand Total | 81.55 | 888.55 |



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10 Equity Share capital

| Particulars | (Amt in Rs Lakhs) | |
|---|-----------------------|---------------------|
| | As at 31st March 2018 | As at 31 March 2017 |
| Authorised share capital 17,50,00,000 Equity shares of Rs.10 each (17,50,00,000 Equity shares of Rs.10 each) | 17,500 | 17,500 |
| Issued/Subscribed and Paid up Capital 16,50,00,000 Equity shares of Rs.10 each-fully paid (16,50,00,000 Equity shares of Rs.10 each-fully paid) | 16,500 | 16,500 |
| | 16,500 | 16,500 |

Details of shareholders holding in the company

| Name of the shareholder | As at 31st March 2018 | | As at 31 March 2017 | |
|--|-----------------------|------------------------|---------------------|------------------------|
| | No of shares | % holding in the class | No of shares | % holding in the class |
| IRCON International Limited and its 9 Nominees | 1,650 | 100.00 | 1,650 | 100.00 |
| Total | 1,650 | 100 | 1,650 | 100 |

Terms/Rights attached to Equity 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.

Reconciliation of the number of equity shares and share capital

| Particulars | As at 31st March 2018 | | As at 31 March 2017 | |
|---|-----------------------|-------------|---------------------|-------------|
| | No of shares | Rs in Lakhs | No of shares | Rs in Lakhs |
| Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year | 1,650 | 16,500 | 1,650 | 16,500 |
| Add: Shares Issued during the year | - | - | - | - |
| Issued/Subscribed and Paid up equity Capital outstanding at the end of the year | 1,650 | 16,500 | 1,650 | 16,500 |



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IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)

Notes Forming Part of the Financial Statements

11 Other Equity

| Particulars | (Amount In Lakhs) | |
|---|-------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| (a) Retained Earnings | | |
| Opening Balance | | |
| Add: Addition during the year | 310.23 | 263.95 |
| Less: Utilization during the year | 82.71 | 53.77 |
| Less: Fees paid for Increase in Paid Up Capital | - | - |
| | - | (7.50) |
| | 392.94 | 310.23 |
| Total | 392.94 | 310.23 |

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IRCON PB TOLLWAY LIMITED (CIN - U45400DL2014GOI272220)
Notes Forming Part of the Financial Statements

Non - Current Liabilities

12 Financial Liabilities
(Fair Value through Amortised Cost)

12.1 Borrowings

| Particulars | (Amt in Rs Lakhs) | |
|---|-------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| - Loans from Related Parties (Refer Note no.22) | 24,085 | 8,000 |
| Total | 24,085 | 8,000 |

Notes:-

- i. Details of Terms of repayments for the other short terms borrowings and security provided in respect of other secured long term borrowings:-

| Particulars | Terms of repayment and security | (Amount In Lakhs) | |
|--|---|-------------------|---------------|
| | | 31 March 2018 | 31 March 2017 |
| IRCON International Limited (Secured Loan) | Secured by all immovable properties and hypothecation of moveable property of the borrower, Fees, Revenue, Project Agreement, Insurance Claim, Intangible Assets, ESCROW Account and other assets (Refer note ii below) | 24,085 | 8,000 |

- ii. As per the sanction terms of the loan taken from IRCON International Limited , the interest payable is equivalent to SBI Base rate +0.50%, which presently is 9.15 p.a. payable monthly. Company has requested the parent company IRCON for extension in Loan repayment period, since the construction of the project has not yet been completed in line with the moratorium clause in the loan agreement.



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IRCON PB TOLLWAYS LIMITED (CIN - U45400DL2014GOI272220)

13 Current Liabilities
 Financial Liabilities
 (Fair Value through Amortised Cost)
 13.1 Borrowings

| Particulars | Amount in Rs Lakhs | |
|---|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| - Current Maturities of Borrowings from Related Parties (Refer Note 22) | - | - |
| Total | - | - |

13.2 Trade Payables

| Particulars | Amount in Rs Lakhs | |
|---|--------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Micro, Small & Medium Enterprises | - | - |
| Others | | |
| (a) Contractor & Suppliers (Refer Note no.22) | 22.18 | 20.81 |
| (b) Related Parties (Refer Note no.22) | 2,567.92 | 352.45 |
| Total | 2,590.10 | 373.26 |

Break-up for Trade payables and more than 6 months over due:

| Particulars | 31 March 2018 | 31 March 2017 |
|---|-----------------|---------------|
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured, considered good | - | - |
| Unsecured, considered good | - | - |
| | - | - |
| Outstanding for a period less than six months from the date they are due for payment | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 2,590.10 | 373.26 |
| | 2,590.10 | 373.26 |
| Total Trade Payable | 2,590.10 | 373.26 |



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IRCON PB TOLLWAYS LIMITED (CIN - U45400DL2014GOI272220)
Notes Forming Part of the Financial Statements

Current Liabilities
Financial Liabilities

13.3 Other Financial Liabilities

| Particulars | (Amount in Rs Lakhs) | |
|---------------------------------------|----------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| Staff | 0.16 | - |
| Money Withheld | - | - |
| Others (Refer Note 22)- Related party | 41.15 | 86.69 |
| Total | 41.31 | 86.69 |

14 Other Current Liabilities

| Particulars | (Amount in Rs Lakhs) | |
|-----------------|----------------------|---------------|
| | 31 March 2018 | 31 March 2017 |
| a) Others | | |
| Statutory dues: | | |
| Others | 242.71 | 79.80 |
| | 0.28 | 25.21 |
| Total | 242.99 | 105.01 |

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IRCON PB TOLLWAYS LIMITED (CIN - U45400DL2014GOI272220)

Notes Forming Part of the Financial Statements

15 Provisions

| Particulars | Foot Note | (Amount in Rs Lakhs) | |
|--|-----------|----------------------|---------------|
| | | 31 March 2018 | 31 March 2017 |
| Provision for Employee Benefits | | - | - |
| Provision for Doubtful Assets | | - | - |
| Other Provisions - CSR (Refer Note 24(xv)) | 15.1 | 7.49 | 4.13 |
| Less: Provision for Doubtful Assets | | 7.49 | 4.13 |
| Total | | - | - |
| Current | | 7.49 | 4.13 |
| Non Current | | 7.49 | 4.13 |
| | | - | - |

The disclosure of provisions movement as required under the requirements of Ind AS 37 is as follows :

15.1 Other Provisions :

| Particulars | (Amount In Lakhs) | |
|--|-------------------|---------------------------------|
| | | Corporate Social Responsibility |
| At 1 April 2016 | | |
| Current | | - |
| Non Current | | - |
| Provision made during the year | | 4.13 |
| Utilization during the year | | - |
| Write Back during the year | | - |
| Exchange Gain | | - |
| Exchange Loss | | - |
| Unwinding of discount and changes in the discount rate | | - |
| At 31-March-2017 | | 4.13 |
| Current | | 4.13 |
| Non Current | | - |
| Provision made during the year | | 3.36 |
| Utilization during the year | | - |
| Write Back during the year | | - |
| Exchange Gain | | - |
| Exchange Loss | | - |
| Unwinding of discount and changes in the discount rate | | - |
| At 31st March 2018 | | 7.49 |
| Current | | 7.49 |
| Non Current | | - |

Non - Current Liabilities

15.2 Provisions
Provision for Income Tax :

| Particulars | Income Tax |
|------------------------------------|----------------|
| At 1 April 2016 | |
| Current | - |
| Non Current | 70.54 |
| Provision made during the year | - |
| Paid during the year | 17.05 |
| Write Back during the year | 161.56 |
| Exchange Gain | - |
| Exchange Loss | - |
| At 31-March-2017 | -73.97 |
| Current | - |
| Non Current | -73.97 |
| Provision made during the year | - |
| Paid/(Refund) during the year | 33.08 |
| Write Back during the year | 295.64 |
| Exchange Gain | 0.05 |
| Exchange Loss | - |
| At 31st March 2018 | -336.52 |
| Current (Refer Note 8 for details) | - |
| Non Current | -336.52 |



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IRCON PB TOLLWAYS LIMITED (CIN - U45400DL2014GOI272220)
Notes Forming Part of the Financial Statements

16 Revenue from operations

(Amount In Lakhs)

| Particulars | For the Year ended 31st March 2018 | For the year ended 31st March 2017 |
|------------------|---------------------------------------|---------------------------------------|
| Contract Revenue | 27,754.36 | 17,788.96 |
| Total | 27,754.36 | 17,788.96 |

17 Other Income

(Amount In Lakhs)

| Particulars | For the Year ended 31st March 2018 | For the year ended 31st March 2017 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Bank Interest Gross | 125.94 | 87.93 |
| Less:- Interest passed to clients | - | - |
| Miscellaneous | 0.99 | - |
| Total | 126.93 | 87.93 |



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18 Operating and Administrative Expenses

| Particulars | Foot Note | Operating | | Administrative | |
|---|-----------------|-------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | | For the Year ended March 2018 | For the year ended 31st March 2017 | For the Year ended 31st March 2018 | For the year ended 31st March 2017 |
| Materials and Stores consumed: | | | | | |
| Opening Balance | | - | - | - | - |
| Add: Purchases during the year | | - | - | - | - |
| Less: Closing Balance | | - | - | - | - |
| Work Expenses | | 25,508.92 | 17,143.49 | - | - |
| Inspection, Geo Technical Investigation & Survey Exp. Etc | | 242.27 | 270.94 | - | - |
| Hire Charges of machinery | | - | 0.58 | - | - |
| Net Exchange Fluctuation Loss | | 6.58 | 6.31 | - | - |
| Rent - Non-residential | | 4.14 | 19.16 | - | - |
| Repairs and Maintenance | | - | - | - | - |
| - Building | | - | - | - | - |
| - Office and Others | | - | 0.36 | - | - |
| Power, Electricity and Water charges | | - | 0.35 | - | - |
| Insurance | | 34.71 | 34.07 | - | - |
| Travelling & conveyance | | 1.83 | 0.42 | - | - |
| Printing & stationery | | 0.13 | 1.01 | - | - |
| Postage, telephone & telex | | 0.20 | 0.24 | - | - |
| Legal & Professional charges | | 12.27 | 4.47 | 0.53 | 0.26 |
| Auditors remuneration | (iii) | - | - | 1.46 | 0.84 |
| Advertisement & publicity | (i) (ii) & (iv) | - | - | - | - |
| Miscellaneous expenses | | 0.48 | 0.72 | - | - |
| Prior Period Expenses | | - | - | - | - |
| CSR Provisions | | 3.36 | 4.13 | - | - |
| (Refer Note 25(xviii)) | | | | | |
| Total | | 25,814.89 | 17,486.24 | 1.99 | 1.10 |

Payment to Statutory Auditors:

| Particulars | For the Year ended 31st March 2018 | For the year ended 31st March 2017 |
|---|------------------------------------|------------------------------------|
| (i) Audit Fee - current year | 1.15 | 0.68 |
| (ii) Tax Audit Fees - current year | 0.23 | - |
| (iii) Certification Fees | - | 0.19 |
| (iv) Travelling & out of pocket expenses: | | |
| - Local | 0.09 | 0.16 |
| - Foreign | - | - |
| Total | 1.46 | 1.03 |



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IRCON PB TOLLWAYS LIMITED (CIN - U45400DL2014GOI272220)

Notes Forming Part of the Financial Statements

19 Employee Remuneration and Benefits

| Particulars | Foot Note | For the Year ended 31st March 2018 | | (Amount In Rs Lakhs) | | |
|---|-----------|------------------------------------|----------------|------------------------------------|----------------|---------------|
| | | Total | | For the year ended 31st March 2017 | | Total |
| | | Operating | Administrative | Operating | Administrative | |
| Salaries, wages and bonus | | 227.46 | - | 163.51 | - | 163.51 |
| Contribution to provident and other funds | | 17.01 | - | 13.20 | - | 13.20 |
| Foreign service contribution | | - | - | - | - | - |
| Retirement Benefits | | 31.98 | - | 29.58 | - | 29.58 |
| VRS expenses | | - | - | - | - | - |
| Staff Welfare | | 0.003 | - | - | - | - |
| Total | | 276.45 | 0.00 | 206.29 | - | 206.29 |

20 Finance Cost

| Particulars | Foot Note | (Amount In Rs Lakhs) | |
|---------------------------------------|-----------|-------------------------|------------------------------------|
| | | For the Year ended 2018 | For the year ended 31st March 2017 |
| Interest Expense | | | 96.59 |
| Less :- Interest earned on Loan funds | | 1,664.17 | 4.16 |
| Net Interest Expense | | | |
| Other Borrowing Cost | | 1,660.01 | |
| - Bank Guarantee & Other Charges | | 2.75 | 3.79 |
| Total | | 1,662.76 | 100.38 |

21 Depreciation, amortization and impairment

| Particulars | Foot Note | (Amount In Rs Lakhs) | |
|-------------------------------|-----------|------------------------------------|------------------------------------|
| | | For the Year ended 31st March 2018 | For the year ended 31st March 2017 |
| Property, Plant and equipment | | 0.26 | 0.18 |
| Intangible Assets | | - | - |
| Investment Property | | - | - |
| Total | | 0.26 | 0.18 |



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IRCON PB TOLLWAYS LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22 Related party transactions

a. List of related parties

- (i) **Holding Company**
IRCON International Limited
a Government of India Undertaking

| S.No | Transactions During the Year 2017-18 | Amounts in Rs Lakhs) |
|-----------|--|--|
| (i) | IRCON International Limited | |
| A. | Rendering of Services | |
| | Work Contract (Inclusive of GST of Rs. 1,761.97 Lakhs) | 25,508.92 (17,623.28) |
| | Utility Shifting (Inclusive of GST of Rs. 16.27 Lakhs) | 1,303.33 (1,941.99) |
| | Rent (Inclusive of GST of Rs. 0.126 Lakhs) | 2.23 (2.11) |
| | | 26,814.48 (19,567.38) |
| B. | Transfer Under Finance Arrangements | |
| | Loans | 16,085.00 (8,000.00) |
| | Equity Contributions | - (7,500.00) |
| | Interest on Loan | 1,664.17 (96.46) |
| | | 17,749.17 (15,596.46) |
| C. | Settlement of Liabilities on behalf of entity | |
| | Reimbursement of Expenses including salaries | 142.49 (109.12) |
| | | 142.49 (109.12) |

Figures in bracket indicate balances of previous year.

| | | |
|-----------|---|--|
| (ii) | Balance Outstanding as at the year end | |
| A. | Rendering of Services | |
| | Trade Payables | 2,567.92 (352.45) |
| | | 2,567.92 (352.45) |
| B. | Transfer Under Finance Arrangements | |
| | Financial Liabilities-Borrowings - Loans - Non Current & Current | 24,085 (8,000.00) |
| | Equity Contributions | 16,500 (16,500.00) |
| | | 40,585.00 (24,500.00) |
| C. | Other Financial Liabilities | |
| | Interest on Loan | - (86.69) |
| | Money Withheld | 0.00 (-) |
| | Reimbursement of Expenses | 41.15 (24.02) |
| | | 41.15 (110.71) |

Figures in bracket indicate balances of previous year.



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23 Financial Instruments

| Particulars | Fair Value | Carrying value | | Fair value | |
|------------------------------|------------|------------------|-----------------|------------------|-----------------|
| | | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Financial Asset | | | | | |
| Amortised Cost | | | | | |
| Trade Receivables | Level 3 | 1,942.26 | 1,310.48 | 1,942.26 | 1,310 |
| Retention money with clients | Level 3 | 95.78 | 95.78 | 95.78 | 95.78 |
| Cash and Cash Equivalents | Level 3 | 3,530.89 | 607.33 | 3,530.89 | 607.33 |
| Loans and Advances | Level 3 | 3.32 | 2.90 | 3.32 | 2.90 |
| Other Financial Assets | Level 3 | 10,100.49 | 2.06 | 10,100.49 | 2.06 |
| Total Assets | | 15,672.74 | 2,018.54 | 15,672.74 | 2,018.54 |
| Financial Liabilities | | | | | |
| Amortised Cost | | | | | |
| Borrowings | Level 3 | 24085.00 | 8,000.00 | 24,085.00 | 8,000.00 |
| Trade Payables | Level 3 | 2590.10 | 373.26 | 2,590.10 | 373.26 |
| Other financial liabilities | Level 3 | 41.31 | 86.69 | 41.31 | 86.69 |
| Total Liabilities | | 26,716.41 | 8,459.95 | 26,716.41 | 8,459.95 |

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties.

Other Notes

- i) The management assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, short term borrowings, and other financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.
- ii) For Financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.
- iii) The fair value of the financial assets and financial liabilities is included at the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- iv) The fair values for loans were calculated based on cash flows discounted using current lending rate. They are classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risks, which has been assessed to be insignificant.
- v) The fair values of non-current borrowings are based on the discounted cash flows using a current borrowing rate. They are classified as Level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including own credit risks, which was assessed as on the balance sheet date to be insignificant.
- vi) During the period ended March 31, 2018 and March 31, 2017, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

B Explanation to the fair value hierarchy

The Company measures financial instruments, such as, quoted investments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1
Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.
- ii) Level 2
The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- iii) Level 3
If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration included in level 3.

Financial risk management

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The Company's principal financial assets include loans and advances, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. Company has

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Trade and other receivables

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

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.



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The working capital position of the Company is given below:

| Particulars | (Amount in Rs Lakhs) | |
|--------------------------|----------------------|-----------------|
| | As at 31-Mar-18 | As at 31-Mar-17 |
| Cash and cash equivalent | 3,530.89 | 607.33 |
| | 3,530.89 | 607.33 |

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31st March 2018, and 31st March, 2017

| As on 31st March 18 | | | |
|-----------------------------|----------------------|-----------|-------------------|
| Particulars | (Amount in Rs Lakhs) | | |
| | Less than 1 Year | 1-2 years | 2 Years and above |
| Borrowings | 16,085.00 | 8,000 | - |
| Trade payables | 2,590.10 | - | - |
| Other financial liabilities | 41.31 | - | - |

| As on 31 March, 2017 | | | |
|-----------------------------|----------------------|-----------|-------------------|
| Particulars | (Amount in Rs Lakhs) | | |
| | Less than 1 Year | 1-2 years | 2 Years and above |
| Borrowings | 8,000.00 | - | - |
| Trade payables | 373.26 | - | - |
| Other financial liabilities | 86.69 | - | - |

Excessive risk concentration

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

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure is as follows:

| Particulars | (Amount in Rs Lakhs) | |
|--|----------------------|------------------|
| | As at 31-Mar-18 | As at 31-Mar-17 |
| Total equity attributable to the equity share holders of the company | 16,892.94 | 16,810.23 |
| As percentage of total capital | 41.22 | 67.76 |
| Current borrowings | - | - |
| Non-current borrowings | 24,085.00 | 8,000.00 |
| Total borrowings | 24,085.00 | 8,000.00 |
| As a percentage of total capital | 58.78 | 32.24 |
| Total capital (borrowings and equity) | 40,977.94 | 24,810.23 |

As per our Report of even date attached
For Praveen Aggarwal & Co
Chartered Accountants

Rahul Aggarwal
Partner
M. No. 501642
Place : New Delhi
Date: 23.07.2018



For and on behalf of IRCON PB TOLLWAY Limited

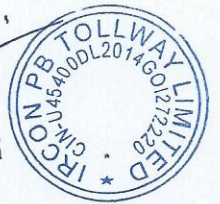
Deepak Babhlok
Chairman
DIN 03056457

Ashok Kumar Goyal
Director
DIN 05308809

Sanjay Podder
Chief Financial Officer (Chief Executive Officer)

Anand Kumar Singh
Director
DIN: 07018776

Shudodhani
Shudodhani Sharma
(Company Secretary)



24. 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. 17,600.09/- Lakhs (Year ended 31.03.2017-Rs 42,347.04/- Lakhs) as Capital Commitment and Other Commitments Rs Nil (Year ended 31.03.2017 – 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 | (Amount In Rs lakhs) | |
|--|---------|-----------------------|-----------------------|
| | | Year ended 31.03.2018 | Year ended 31.03.2017 |
| Basic and diluted | | | |
| Net profit / (loss) for the year (A) | Rupees | 82.71 | 53.77 |
| Weighted average number of equity shares for Basic EPS (B) | Numbers | 16,500 | 1,264.38 |
| Weighted average number of equity shares for Diluted EPS (C) | Numbers | 16,500 | 1,264.38 |
| Earnings per share – Basic (A/B) | Rupees | 0.05 | 0.04 |
| Earnings per share – Diluted (A/C) | Rupees | 0.05 | 0.04 |

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 2018 is Nil.

v. The employees in the Company are posted on deputation/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'17 to March'18.

vi. Employee Benefits

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 IND AS-19 is being made by its Holding Company as per its accounting policies.



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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. **Operating Segment (Disclosure under IND AS – 108)**
Operating segments are reported in the manner consistent with the internal reporting provided by the chief decision maker. Company has identified only one reportable segment.
- ix. 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.

Company has subcontracted the entire work of Utility Shifting to IRCON International Limited on back to back basis after approval from NHAI. Upto 31st March, 2018, IRCON International Limited has billed an amount of Rs. 412,444,292 (upto 31.03.2017 – Rs. 282,110,779) to the company. Company is regularly filing claims to NHAI and the same is under reconciliation. An amount of Rs 2059.47 Lakhs (incl TDS) has been received from NHAI till 31st March 2018 against these claims. Balance amount is considered as current – Trade Receivable and is under reconciliation with the NHAI and is yet to be received from / confirmed by NHAI.

Further, company has not booked expense on account of Labour Cess deducted by NHAI on Utility Shifting as reconciliation is pending and amount of Labour Cess is not quantifiable.

- x. An amount of VAT on works contract receivable for Rs 57.47 Lakhs is appearing in other current assets being the VAT deducted by NHAI in the previous VAT regime on utility shifting. Efforts are being made for recovery of the same from the Client and Tax Department. Recovery of amount due from NHAI on account of Utility shifting is under reconciliation. If VAT is deducted by NHAI on Utility Shifting then amount of VAT on works contract receivable will increase accordingly.
- xi. The operating cycle of the Company has been considered as one year for the purpose of current and non-current classification in the financial statements.
- xii. Work in some areas is yet to be started / delayed due to issues related to delay in approval of drawings, demand of local villagers, utility shifting, land acquisition and availability, forest clearance etc. Due to these operational issues, there is delay in achieving project milestone - II and III. Company has filed a request to NHAI for modification of milestone timelines under clause 12.4.2. of the concession agreement without damage / financial implication on part of the company. Company has received an intimation from the Independent Engineer regarding the delay in achieving milestone. Further NHAI has deducted a sum of Rs. 720.12 Lakhs on account of damages upto 31st May 2018 (upto 31st March, 2018 - Rs. 160.45 lakhs). The Company is already in communication with the NHAI, since the delay is not attributable to IPBTL. As such IPBTL is not recognizing the claim against the delay as a liability or a contingent liability since the Company is of the view that the delay is not attributable to IPBTL. Further, amount deducted by NHAI upto 31st March 2018 of Rs. 160.45 Lakhs is shown as recoverable (Considered Good) under Other Financial Assets.



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- xiii. As per Indian Accounting Standard (Ind AS) 11 Annexure A, on Accounting for Service concession agreements – Cash Support from NHAI are recognized at their fair value where there is a reasonable assurance that the grant - Cash support will be received and the company will comply with all attached conditions. The Accounting treatment of the same has been made as per Appendix A of Ind AS 11- Service Concession Agreements.

Company in its board meeting dt 13th June 2017, has revised total project cost from Rs. 844.08 Crs to Rs. 725.61 Crs. Revised funding arrangement of the project is as below

| Particulars | Original Project Cost | Revised Project Cost |
|-----------------------------|------------------------|-----------------------|
| Equity Capital | Rs. 165.00 Crs | Rs. 165.00 Crs |
| Debt (Loan) Capital | Rs. 352.08 Crs | Rs. 270.37 Crs |
| NHAI Grant (Equity Support) | Rs. 327.00 Crs | Rs. 290.24 Crs |
| TOTAL | Rs. 844.08 Crs. | Rs. 725.61 Crs |

Company has raised Debt of Rs. 240.85 Crs upto 31st March 2018 and proportionate amount of grant recognized by the company as per service concession agreement is Rs. 223.74 Crs basis Original project cost and original financial package.


It has been submitted by the Company that revised total cost and financial package is not yet approved by NHAI and hence Grant is accounted basis original project cost and original financial package.

- xiv. The company has not recognized retention money at its Fair Value in accordance with IND AS 109. Amount of retention money is Rs. 95.78 Lakhs and shown under "Trade Receivables". As per the management the impact of fair value is marginal and also non recognition at fair value is consistent with Company's group accounting policies.
- xv. As per provisions of Section 135 of the Companies Act, 2013, the Company has to provide at least 2% of average net profits of the preceding three financial years towards Corporate Social Responsibility ("CSR"). Accordingly, a CSR committee has been formed for carrying out CSR activities as per the Schedule VII of the Companies Act, 2013. Company has made Provision of Rs. 336,473/- for CSR expenditure. Cumulative CSR Provision as on 31st March 2018 is Rs. 749,573. Company is under construction phase and has not yet started its commercial operations hence company has not expended any sum towards CSR and has carried forward the amount to the next financial year.
- xvi. 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

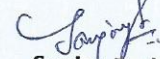

Rahul Aggarwal-FCA


Partner
M. No. 501642




For and on behalf of Board of Directors

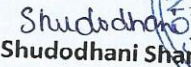

Deepak Sabhlok
Chairman
DIN 03056457


Sanjay Podder
(Chief Financial Officer)


Ashok Kumar Goyal
Director
DIN 05308809


Ajay Kumar Singh
(Chief Executive Officer)


Anand Kumar Singh
Director
DIN 07018776


Shudodhani Sharma
(Company Secretary)



IRCON PB TOLLWAY LIMITED

Notes to Financial Statements

1. Company Overview

Ircon PB Tollway Limited ('Ircon PBTL') (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 obtained Certificate of Commencement of Business on 10th Oct 2014 from the office of Registrar of Companies. 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.

Significant Accounting Policies

2.1 Basis of Preparation and Presentation

Basis of Preparation

i) Statement of Compliance

The financial statements as at and for year ended 31st March 2018 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the companies Act, 2013 as read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian accounting standards) Amendment Rules 2016.

ii) Basis of Measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis except for the following:-

- Assets and liabilities under service concession agreement.
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- All assets and liabilities have been classified as current or non-current as per Company's normal operating cycle (twelve months) and other criteria set out in the schedule III to the Act.
- Company's financial statements are presented in India Rupees, which is its functional currency.

2.2 Basis of classification of Current and Non-Current

Assets and Liabilities in the balance sheet have been classified as either current or non-current.

An asset has been classified as current if

- It is expected to be realized in, or is intended for sale or consumption in, the Company's Normal operating cycle; or
- it is held primarily for the purpose of being traded; or



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- it is expected to be realized within twelve months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets have been classified as non-current.

A liability has been classified as current when

- It is expected to be settled in the Company's normal operating cycle; or
- It is held primarily for the purpose of being traded; or
- It is due to be settled within twelve months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months.

All other liabilities have been classified as non-current.

An operating cycle is the time between the acquisition of assets for processing and their realization in cash & cash equivalents.

2.3 Functional and presentation currency

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest rupees with two decimals.

2.4 Standard issued but not yet effective for the half yearly Financial Year 2017-18.

a) IND AS 115 Revenue from Contracts with Customers

MCA had notified IND AS 115 on Revenue from Contracts with Customers in Feb 2015. The standard establishes a new five step model that will apply to revenue arising from Contracts with customers. Under IND AS 115, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IND AS 115 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IND AS.

The effective date of IND AS 115 is annual periods beginning on or after 1st January 2018, with early adoption permitted. The Company is required to adopt the standard by the Financial Year commencing 1st April 2018. The Company is currently evaluating the requirements of IND AS 115 and has not yet determined the impact on the financial statements.

2.5 Accounting of Intangible assets under Service Concession agreement

Company has Toll Road Concession rights where it designs, build, finances, operates and transfer (DBFOT) infrastructure uses to provide public service for a specified period of time. These arrangements may include infrastructure used in a public to private service concession arrangements for its entire useful life. These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the company receives a right (a license) to charge users of the public service. The financial asset model is used when the company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component. If the company performs more than one service (i.e.



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construction or upgrade services & operation services) under a single contract or arrangements, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

- Intangible asset model

The company recognizes an intangible asset arising from service concession arrangement when it has a right to charge for uses of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is major at fair value on initial recognition by reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is majored at cost, which includes capitalized borrowing costs, less accumulated amortization.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the company is able to charge the public for the use of the infrastructure to the end of the concession period.

Amortization of concession intangible asset

Amortization is charged on a straight line basis over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for of a prospective basis.

The Company is following the Intangible assets model as per Appendix A of Ind AS 11 related to Accounting of Assets under Service concession agreement.

- Viability Gap Funding

The Company recognizes Viability Gap Funding (VGF) in the nature of Equity support. Total expected amount of VGF is reduced from intangible asset under development (being created under the service concession agreement) and receivable under Current Asset is recognized in line with Appendix A of Ind As 11 related to Service concession agreement. Any amount received against the VGF is then reduced from the Current asset that has been created as mentioned above.

2.6 Dividend to equity shareholders

Dividend paid/payable shall be recognised in the year in which the related dividends are approved by shareholders or board of directors as appropriates.

2.7 Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

The machinery spares which can be used only in connection with an item of Property, Plant and Equipment and whose use is expected to be irregular are capitalized& depreciated/amortized over the balance life of such Property, Plant & Equipment.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, attributable borrowing cost and any other directly attributable cost of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.



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Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

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

2.8 Depreciation

Assets in the course of development or construction and freehold land are not depreciated.

Other property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is calculated on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a Straight Line Basis over its expected useful life determined by the schedule II of The Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and changes in estimates, if any, are accounted for prospectively.

2.9 Intangible assets

Intangible assets are recognized 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

2.10 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.11 Cash Flow Statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.12 Significant Estimates and judgments

1. Critical accounting judgement.

Estimate and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.



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The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, seldom equal the actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amount of assets and liabilities are disclosed below.

i. Revenue Recognition

Applicability of service concession agreement accounting

Appendix A "Service concession arrangements" of Ind AS 11 applies to "public to private" service concession arrangements, which can be defined as contracts under which the grantor transfers to a concession holder the right to deliver public services that give access to main public facilities for a specified period of time in return of managing the infrastructure used to deliver those public services.

More specifically, it applies to public to private service concession arrangement if the grantor:-

- Controls or regulates what services the operators must provide with the infrastructure, to whom it must provide them, and at what price; and
- Controls through ownership or otherwise –any significant residual interest in the infrastructure at the end of the term of the arrangement.

The Company has right to receive viability gap funding of Rs 327 crores from NHAI during the construction period subject to certain terms & conditions. This amount is reduced from the Intangible asset under development and consequently also from its cost while recognizing revenue as per Appendix A of Ind AS -11. Apart from this the Company has license to charge users of Toll Road during the Concession period, and is following the 'Intangible Asset Model' as prescribed in Appendix A of Ind AS 11.

The company will charge all its project cost to profit and loss and recognize construction revenue at fair value i.e. Nil Margin.

2.13 Provisions and liabilities

Provision is recognised when:-

- i) The Company has a present obligation as a result of a past event,
- ii) A probable outflow of resources is expected to settle the obligation and
- iii) A reliable estimate of the amount of the obligation can be made.

Reimbursement of the expenditure required to settle a provision is recognised as per contract provisions or when it is virtually certain that reimbursement will be received.

Provisions are reviewed at each Balance Sheet date.

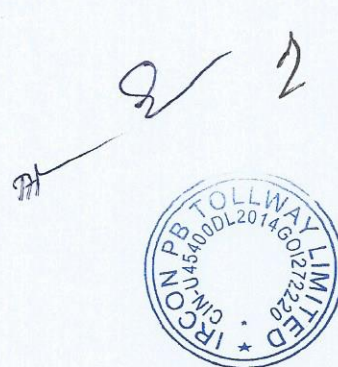
Discounting of Provisions

Provision recognized above which are expected to be settled beyond 12 months are measured at the present value by using pre-tax discount rate that reflects the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expenses.



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2.14 Contingent Liabilities and contingent Assets

- (a) Contingent Liabilities are disclosed in either of the following cases:
- 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
 - A reliable estimate of the present obligation cannot be made; or
 - A possible obligation, unless the probability of outflow of resource is remote.
- (b) Contingent assets is disclosed where an inflow of economic benefits is probable.
- (c) Contingent Liability and Provisions needed against Contingent Liability and Contingent Assets are reviewed at each Reporting date.
- (d) Contingent Liability is net of estimated provisions considering possible outflow on settlement.

2.15 Impairment of non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased.

2.16 Financial Instruments

1 Financial asset

i. Initial recognition and Measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities, which are not fair value through profit and loss, are adjusted to the fair value on initial recognition.

ii. Subsequent measurement

➤ Financial assets carried at Amortized cost:-

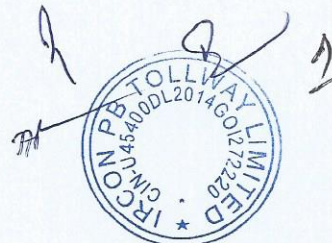
A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal outstanding. Interest income from these financial assets is included in finance income using the effective rate interest ("EIR") method.

➤ Financial assets at Fair value through other comprehensive income (FVOCI):-

A financial asset is subsequently measures at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal outstanding.



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➤ Financial asset at Fair value through profit or loss (FVTPL):-

FVTPL is a residual category for financial Assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the company may elect to designate financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. If doing so reduces or eliminates a measurement or recognition inconsistency. The company has not designated any financial asset as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

Financial liabilities

i. Initial recognition and Measurement

All financial liabilities are recognized initially at fair value and in case of loans and borrowings, net of directly attributable cost. Fees of recurring nature are directly recognized in profit and loss as finance cost.

ii. Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using effective interest rate method. For trade and other payable maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to short term maturity of these instruments.

2 Derecognition of financial instruments

The Company derecognizes financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or part of financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.17 Income tax

Tax expense comprises current income tax and deferred tax. Current income-tax expense is measured at the amount expected to be paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off, current tax assets against current tax liabilities and the deferred taxes relate to the income tax levied by the same taxation authority.



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Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

The specific recognition criteria described below must also be met before revenue is recognized:

- The Company has transferred risk and rewards incidental to ownership to the customer.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- It is probable that the economic benefits associated with the transactions will flow to the Company.
- It can be reliably measured and it is reasonable to expect ultimate collection.

Contract revenue (Construction contracts)

Contract revenue associated with construction of road is recognized as revenue by reference to the stage of completion at the balance sheet date. The stage of completion of project is determined by the proportion that contract cost incurred for work performed up to the balance sheet date bears to the estimated total contract costs. The margin on the construction activity is estimated by the management to arrive at the fair value of financial asset (revenue) and intangible asset relating to the Construction services rendered under the concession agreement by the Company. Margin on road construction contract has not been considered since the construction contract has been awarded to Holding Company on back to back basis.

Contract cost includes costs that relate directly to the specific contract and allocated cost that are attributable to the Construction of the road.

2.19 Borrowing Cost

Borrowing costs include interest, other costs incurred in connection with borrowing bases on effective interest rate method. General and specific borrowing costs directly attributable to the acquisition, construction, production or development of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in Statement of Profit and Loss in the period in which they are incurred.

To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of its borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

2.20 Segment reporting

The company being engaged in design, finance, maintenance, operates and transfer of road (DBFOT) does not have more than one reportable segments. Further the company is carrying its business in only one geographical area segment. Hence, no segment reporting is applicable.



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2.21 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.

2.22 Leasing

a) Company as a lessee

Finance Lease:-

- (i) that transfers substantially all the risks and rewards incidental to ownership of an asset capitalised at lease inception at lower of fair value or present value of minimum lease payment.
- (ii) Payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.
- (iii) Finance charges are recognised in finance costs in the statement of profit and loss.
- (iv) Depreciated over the useful life of the asset. However, if there is no reasonable certainty to obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating Lease:-

- i. Is classified as operating lease when significant portion of the risk and rewards are not transferred to the company.

Payment are charged to profit and loss on straight-line basis over the lease term except where lease payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

2.23 Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders of the Company by the weighted average number of the equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the year is adjusted for the effect of all dilutive potential equity shares.



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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IRCON PB TOLLWAY LIMITED, NEW DELHI FOR THE YEAR ENDED 31 MARCH, 2018.

The preparation of financial statements of **IRCON PB TOLLWAY LIMITED, NEW DELHI** for the year ended **31 March 2018** 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 the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 July 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **IRCON PB TOLLWAY LIMITED, NEW DELHI** for the period ended 31 March 2018 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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>1. Comments on Financial Position Current Assets</p> <p>Cash and Cash Equivalents (Note 7.2) Rs. 3530.89 lakh</p> <p>The above amount includes an amount of Rs. 2000.00 lakh being the Fixed Deposit with the bank, having original maturity of one year, has been included in Cash & cash equivalents in violation of Ind AS 7. This has resulted in the overstatement of Cash & cash equivalent and understatement of other bank balances to the extent of Rs. 2000.00 lakh.</p> | <p>Balance Sheet Current Assets Cash and Cash Equivalents (Note 7.2)</p> <p>Fixed Deposit of Rs. 20.00 Crores was created with bank for maturity period of 6 months on account of meeting project construction costs for earning higher interest. All other fixed deposits had been created for the maturity period of 3 months.</p> <p>The Fixed Deposit of Rs. 20.00 Crores was later on encashed on 19th April 2018 only for making payments to the EPC Contractor.</p> <p>Since the encashment of the same had been done within 3 months of the end of the date of the financial statement the Fixed deposit had been classified as cash and cash equivalent.</p> |

| | |
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| | (i.e. Maturity period less than 3 months from date of the Balance sheet) However, the point is duly noted for future compliance. |
|--|---|

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

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

**(B. R. Mondal)
Principal Director of Audit
Railway Commercial, New Delhi**

**(Anand Kumar Singh)
Director
DIN: 07018776**

**Place: New Delhi
Date : 27.09.2018**



IRCON PB TOLLWAY LIMITED ('IrconPBTL')

(Bikaner-Phalodi Highway Project, NH-15, Rajasthan)

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