

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

(‘IrconDHHL’)

(A WOS of Ircon International Limited)

CIN: U45500DL2017GOI317401

**Davanagere-Haveri Highway Project, NH-48, Karnataka
(Under Hybrid Annuity Model)**



1st Annual Report FY 2017-18

COMPANY PROJECT

“Six – laning of Davanagere – Haveri from km 260+000 to km 338+923 of NH-48 (old NH-4) in the State of Karnataka to be executed as Hybrid Annuity Project on DBFOT under NHDP Phase – V in accordance with the terms of the Concession Agreement, signed with the National Highways Authority of India (NHAI) on 19th June 2017”

BOARD OF DIRECTORS

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. Nagangouda Patil, Chief Executive Officer
Ms. Payal Sharma, Company Secretary

BOARD COMMITTEES

Audit Committee
Nomination & Remuneration Committee
[Constituted on 18.07.2018]

STATUTORY AUDITOR

M/s Soni Chatrath & Co.
Chartered Accountants

EPC CONTRACTOR TO COMPANY

Ircon International Limited

BANKERS TO THE COMPANY

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

CONTACT PERSON

Ms. Payal Sharma
Company Secretary
Email id: ircondhhl@gmail.com
Tel: 011-29565666

REGISTERED OFFICE

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

BOARD OF DIRECTORS OF IRCON DAVANAGERE HAVERI HIGHWAY 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 IrconDHHL



MR. NAGANGOUDA PATIL
CHIEF EXECUTIVE OFFICER (CEO)
[w.e.f 18.07.2018]



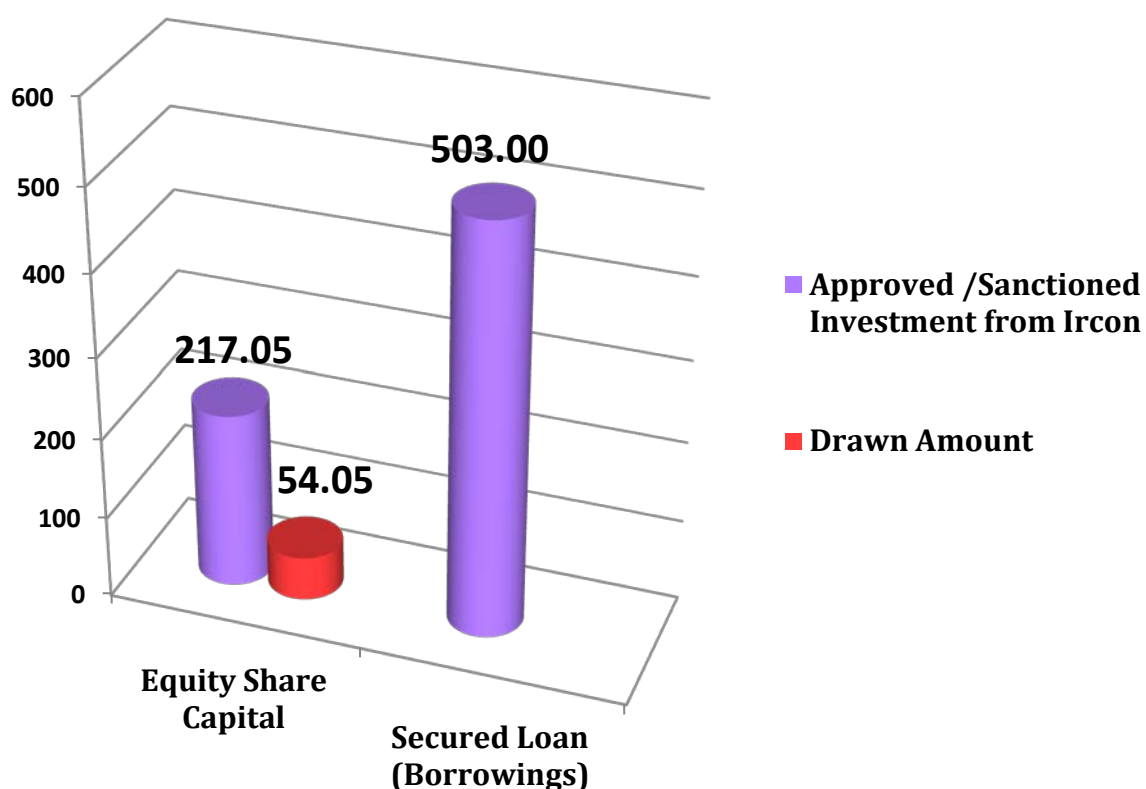
MS. PAYAL SHARMA
COMPANY SECRETARY
[w.e.f 20.11.2017]

DAVANAGERI – HAVERI HIGHWAY PROJECT PHOTOGRAPHS



STATEMENT OF EQUITY & LOAN CAPITAL

Particulars	Approved/Sanctioned Investment from Holding Company, Ircon International Limited	Drawn Amount (As on 19.09.2018)
1. Equity Share Capital	Rs. 217.05 Crores	Rs. 54.05 Crores
2. Secured Loan (Borrowings)	Rs. 503 Crores	NIL



PRESIDING CHAIRMAN'S ADDRESS

AT THE FIRST (1ST) ANNUAL GENERAL MEETING HELD ON 27.09.2018

Dear Shareholders,



I am delighted to welcome you all on the occasion of **First (1st) Annual General Meeting** of your Company. Thanks to all of you for making it convenient to attend this meeting. It gives me immense pleasure to present before you all the 1st Annual report of your company 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. With your permission, I shall take them as read.

Brief About the Company

IrconDHHL has been incorporated as a Special Purpose Vehicle ('SPV') by Ircon International Limited ('Ircon') – its holding company, on 11th May 2017, for executing the project works of "Six – laning of Davangere – Haveri from km 260+000 to km 338+923 of NH-48 (old NH-4) in the State of Karnataka under Hybrid Annuity Model under NHDP Phase – V" in accordance with the terms of the Concession Agreement, signed with the National Highways Authority of India (NHAI) on 19th June 2017. Concession Period for the project is 15 years excluding the Project Construction Period of 30 months.

The Total Project Execution Cost is Rs.1177.00 Crores plus escalation wherein 40% project cost is reimbursable by NHAI and 60% is to be funded by SPV. SPV is accordingly funding Project Construction Cost of Rs. 720.05 Crores - through Equity and Loan Investment of Rs. 217.05 Crores and Rs. 503 Crores respectively. As on date, Rs. 54.05 Crores of Equity Share Capital have been infused by Ircon through initial investment and subsequent rights issue.

Project Construction

Project Construction has started from the Appointed Date of 24th January 2018 and the works are progressing on the available front.

Financial Highlights

In terms of the approved total project cost, your Company has as on date - Authorised Share Capital of Rs 217.05 Crores and subscribed and paid-up equity share capital of Rs. 54.05 Crores. During the FY 2017-18, the Company has incurred expenses of Rs. 0.25 Lakhs, however, has earned profit after tax of Rs. 63.07 Lakhs, due to adjustment of deferred tax.

Compliances and Disclosures

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

Acknowledgements

I wish to place on record on behalf of Board of Directors, their gratitude for the valuable assistance and co-operation extended to the Company by Ircon International Limited, Auditors of the Company and the valued Client of the Company-National Highways Authority of India. I also acknowledge the efforts of the Company's employees, who are our most valuable asset.

**For and on behalf of
Ircon Davanagere Haveri Highway Limited**

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

**Date: 27.09.2018
Place: New Delhi**

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BOARDS' REPORT

Dear Members,

Your Directors have immense pleasure in presenting the **1st Annual Report** together with the Audited Financial Statements and Business Affairs of the Company for the Financial Year 2017-18.

Business Operational Highlights: Present State of Company's Affairs

Ircon Davanagere Haveri Highway Limited (IrconDHHL), a wholly owned subsidiary of Ircon International Limited was incorporated on 11th May, 2017 as a Special Purpose Vehicle (SPV) for executing the project works of "Six – laning of Davanagere – Haveri from km 260+000 to km 338+923 of NH-48 (old NH-4) in the State of Karnataka to be executed as Hybrid Annuity Project on DBFOT under NHDP Phase – V" in accordance with the terms of the Concession Agreement, signed with the National Highways Authority of India (NHAI) on 19th June 2017 as its main business object. The concession period of the project is 15 years excluding construction period of 912 days (30 months) commencing from the appointed date i.e. 24th January, 2018 and the works are progressing on the available front. The Scope of work includes six laning of 78.923 Km (total length of Highway) of main carriage way and 154.654 Km of Service Road length including major Bridges, Culverts, VUPs, PUP's, flyovers and other availed works.

Further in terms of concession agreement, the total project bid cost is Rs.1177.00 Crore plus escalation and First Year O&M cost is Rs.10 Crore. 40% of the project bid cost shall be reimbursed by NHAI during construction and balance 60% construction cost shall be arranged by SPV.

Presently, the project is in construction phase and the operation and maintenance phase shall commence on completion of construction. EPC contractor Ircon International Limited has already appointed sub-contractors for three packages including design consultant. The agencies have already mobilized at site and physical work shall begin shortly. NHAI Team and Independent Engineers are already at site.

The Project Construction cost of Rs.720.05 Crore is proposed to be funded by Equity and Loan Investment of Rs.217.05Crore and Rs.503Crore respectively out of which Ircon has infused Equity of Rs.20.05Crores in April 2018 and Rs.34.00 Cr in August 2018.

Financial Highlights: Financial Performance of the Company:

In pursuance of the provisions enumerated under Companies (Indian Accounting Standards) Rules, 2015, the Company, has prepared its annual financial statements for the Financial Year 2017-18 as per Indian Accounting Standards (IND AS) with a transition from erstwhile Indian Generally Accepted Accounting Principles ('Indian GAAP'). The accounting policies have accordingly been reframed for compliance of IND AS.

Financial performance indicators as on 31st March 2018:

(Amount in Rs. In Lakhs)

Sl. No.	Particulars	For the Year Ended 31.03.2018 (Audited)
1.	Equity Share Capital	5.00
2.	Other Equity (includes Reserves and Surplus)	63.07
3.	Loan from Holding Company (Borrowings)	0
4.	Intangible Assets under Development	0
5.	Total Assets and Liabilities	
6.	Revenue from Operations	0
7.	Other Income	0
8.	Total Income (6) + (7)	0
9.	Operating cost	0
10.	Other Expenses	0.25
11.	Total Expenses (9) + (10)	0.25
12.	Depreciation	-
13.	Profit/(Loss) Before Tax (8) – (11)	(0.25)
14.	Provision for Taxation	-
15.	- Current	-
16.	- Earlier years Tax	-
17.	- Deferred Tax	(63.32)
18.	Profit / (Loss) After Tax	63.07
19.	Other Comprehensive Income	
20.	Total Comprehensive Income (Comprising Profit (Loss) & Other Comprehensive Income (15) + (16)	63.07

Share Capital of the Company as on March 31, 2018:

The Authorized Share Capital of the Company is Rs.217.05 Crore comprising of 21,70,50,000 Equity Shares of Rs.10 each and the Paid-up, Subscribed and Issued Share Capital of the Company is Rs.0.05 Crore comprising of 50,000 Equity Shares of Rs.10 each.

During the year under review, the Authorised Share Capital was increased from Rs.5 Crore to Rs.217.05 crore at its Extra-Ordinary General Meeting held on 15th January 2018.

The Company has increased the Paid –up Share Capital of the Company from Rs.5 Lakhs to Rs.54.05 Crores after the Closure of the Financial Year under review till the date of this report vide Rights issue as follows:

Date of Allotment	No. of Equity Shares Allotted (of Rs.10 each)	Name of Allottee
April 5, 2018	2,00,00,000	Ircon International Limited (Holding Company)
August 16, 2018	3,40,00,000	

Cash Flows from the Project:

The total -Cash Flows from the project activities during the year is **Rs.0.23 Lakhs**.

Management and Discussion Analysis Report (MDAR):

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

Extract of Annual Return:

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

Board of Directors & Key Management Personnel:

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

Sl. No.	Directors	Date of Appointment	DIN
1.	Mr. Deepak Sabhlok, Part-time Chairman	11.05.2017	03056457
2.	Mr. Ashok Kumar Goyal, Nominee Director	11.05.2017	05308809
3.	Mr. Anand Kumar Singh, Nominee Director	11.05.2017	07018776
4.	Mr. Rajendra Singh Yadav, Nominee Director	11.05.2017	07752915
5.	Ms. Anupam Ban, Nominee Director	11.05.2017	07797026

Key Managerial Personnel:

Sl. No.	Key Personnel of Company	Date of Appointment	PAN No.
1.	Ms. Payal Sharma, Company Secretary (Designated as KMP on 20.11.2017)	20.11.2017	CHRP59913G
2.	Mr. Nagangouda Patil, Chief Executive Officer (Designated as KMP on 18.07.2018)	18.07.2018	BBZPP6530K

The provisions of Section 203 of the Companies Act 2013 were applicable on the Company with effect from April 5, 2018. The Company is under process of appointing Chief Financial Officer of the Company.

Number of meetings of the Board of Directors:

During the period under review, your Board of Directors met 8 number of times during the financial year 2017-18 as per the provisions of the Companies Act, 2013, Meetings of Board and its Powers, Rules, 2014 and DPE (Corporate Governance) Guidelines 2010.

The Board Meetings were held on 12.05.2017, 25.05.2017, 13.06.2017, 11.08.2017, 08.09.2017, 09.11.2017, 05.12.2017 and 20.02.2018. The interval between the Board Meetings was within the period prescribed under the Companies Act, 2013.

Number of the Board meetings attended by the Directors during the financial year 2017-18 is as follows:

Name of the Director	Number of the Board meetings attended
Deepak Sabhlok	8/8
Ashok Kumar Goyal	8/8
Anand Kumar Singh	7/8
Rajendra Singh Yadav	8/8
Anupam Ban	8/8

Board Committees:

The Company has constituted the following Committees of the Board after the closure of the Financial Year under review:

1. Audit Committee
2. Nomination and Remuneration Committee

The details pertaining to composition of Audit Committee & Nomination and Remuneration Committee are included in the Corporate Governance Report, which forms part of this report.

Changes in Directors and Key Managerial Personnel:

During the period under review there were no changes in the Composition of the Board of Directors. However, the Company has appointed Company Secretary and Chief Executive Officer of the Company as Key Managerial Personnel on 20th November, 2017 and 18th July 2018 respectively.

Report on Corporate Governance

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

Directors' Responsibility Statement:

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

- a) that in the preparation of the annual financial statements for the year ended 31st March 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31,

2018 and of the Income & Expenditure Account of the Company for that period ended on that date;

- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) the Company being unlisted, sub clause (e) of section 134(5) read with Sub Clause (c) of Section 134 (3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company. However, the financial controls are adequate and were operating effectively;
- f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The provisions of Section 149 (6) of the Companies Act, 2013 relating to appointment of Independent Director are not applicable. The Company do not have any Independent Director during the Financial Year 2017-18.

Statutory Auditors:

M/s Soni Chatrath & Co., New Delhi Chartered Accountants, had been appointed as Statutory Auditors, for the Financial Year 2017-18 vide CAG letter No. CA. V/COY/ Central Government, IDHHL(I)223 dated 24.07.2017. They have confirmed by way of a written consent and certificate as required under Section 139(1) of the Companies Act, 2013 and that their appointment, if made, shall be in accordance with the conditions prescribed in Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014 and that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013.

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

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

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

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

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

Particulars of contracts or arrangements with related parties:

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

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

Dividend & Appropriation to Reserve:

In view of the status of the project which is under construction mode, the Board of Directors has not recommended any dividend for the financial year 2017-18.

As per the applicability of IND AS, Reserves are reflected as Retained Earnings under the head 'Other Equity' in Financial Statements and your Company has a balance of Rs.63.07 Lakhs in Retained Earnings as on 31st March 2018.

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

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

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

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

A. Conservation of energy: -

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

B. Technology absorption: -

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

C. Foreign exchange earnings and Outgo: -

There was no Foreign Exchange Earnings and Foreign Exchange Outgo during the year 2017-18.

Risk Management:

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

Particulars of Employees:

There is no employee who has drawn remuneration of Rs.60 Lakhs or more per annum or Rs.5 Lakhs or more per month during the year 2017-18 in terms of section 134(3) of the Companies Act, 2013 read with rule 5(2) of Companies (Appointment & Remuneration of key Managerial Personnel) Rules, 2014.

Corporate Social Responsibility:

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

Change in the nature of business:

There is no change in the nature of business of the company during the financial year 2017-18

Details of Subsidiary/Joint Ventures/Associate Companies:

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

Public Deposits:

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

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

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

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

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

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

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

Vigil Mechanism:

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

Memorandum of Understanding:

Your Company has been incorporated in the Financial Year 2017-18 hence the MoU for the financial year 2017-18 during June 2017 Complying with DPE's MOU guidelines for Central Public Sector Enterprises (CPSEs) Department of Public Enterprises has granted exemption to your Company from signing of MoU with Ircon for the Financial Year 2018-19.

Bankers to the Company:

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

Acknowledgement:

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

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

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

**Deepak Sabhlok
Chairman
DIN: 03056457**

**Date: 19.09.2018
Place: New Delhi**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)

Industry Structure and Developments:

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

Hybrid Annuity (HAM) Projects are a game changer in the construction arena, particularly in Road, in PPP model. As the name suggest, it is a hybrid of both of EPC (Engineering, procumbent and Construction) model and BOT (Built, Operate and Transfer) model.

Under BOT model, private players take the responsibility of construction, maintenance and toll collection for a specified period of time say 20 years (Construction period included). During this 20 years, all toll collection will be done by Contractor and maintenance to be done by himself. After the expiry of 20 years, Ownership of the road is handed over the NHAI. In this model private player to invest all monies during construction period and expected to recover these amount (along with the interest cost) form the toll revenue. Private payer is always running a risk after huge initial cash out flow.

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

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

Strengths and Weaknesses:

Strengths:

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

Weaknesses:

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

Opportunities and Threats:

Opportunities:

Continuous rising vehicles on the roads and highways shall bring stability and growth in operations and the related profitability.

Threats:

Since NHAI funds the HAM projects in 60:40 ratio, there exists a funding drawback for getting funds on time for project completion.

Discussion on financial performance with respect to operational performance:

Current Operational and Non-Operational Income and Expenses break-up for the Financial Year 2017-18 is detailed below: -

Table I: Present Financial Situation

		(Amount in Rs. Lakhs)
Particulars		For the Period From 11 th May 2017 to 31 st March 2018
I.	Revenue:	
	Revenue from operations	0
	Other income	0
	Total Revenue	0
II.	Expenses:	
	Operating Cost	0
	Other Expenses	0.25
	Total Expenses	0.25
III.	Profit Before Tax	(0.25)
	Provision for Taxation	
	Deferred Tax	(63.32)
IV.	Profit / (Loss) After Tax	63.07
V.	Total Comprehensive Income (Comprising Profit (Loss) & Other Comprehensive Income	63.07

Material developments in Human Resources, Industrial Relations front, including number of people employed:

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

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

Deepak Sabhlok
Chairman
DIN: 03056457

Date: 19.09.2018
Place: New Delhi

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2018

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

I. REGISTRATION & OTHER DETAILS:

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

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

S. No.	Name and Description of Main Products / Services	NIC Code of the Products/ Services	% to Total Turnover of the Company
1.	Rendering Services in the nature of construction of Highway Project on NH-48 (old NH-4) in the state of Karnataka Construction Services: Highway Project (Through EPC Contractor)	42101	0

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Ircon International Limited	U45203DL1976GOI008171	Holding Company	100% *	Sec 2(46)

* 100% Shares held by Ircon International Limited (Ircon) and its 9 Nominees.

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

A) CATEGORY-WISE SHARE HOLDING:

Category of Shareholders	No. of Shares held at the beginning of the year, [As on 11-May-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.#	Nil	50000	50000	100%	Nil	50000	50000	100%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)	Nil	50000	50000	100%	Nil	50000	50000	100%	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ` 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	Nil	50000	50000	100%	Nil	50000	50000	100%	-

Bodies Corporate: 100% Shareholding is with Body Corporate – Ircon International Limited and its 9 Nominees.

B) SHAREHOLDING OF PROMOTERS:

SN	Shareholder's Name	Shareholding at the beginning of the year, as on 11 th May 2017			Shareholding at the end of the year, as on 31 st March 2018			% Change in Shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to Total Shares	
1	Ircon International Limited	50000	100%	-	50000	100%	Nil	-
	Total	50000	100%	-	50000	100%	Nil	-

Shareholding of Promoters: Company is wholly-owned subsidiary of Ircon International Limited – with 500,000 Equity Shares of Rs.10/- each i.e. Entire Shareholding held by Indian Promoters. The other 9 shareholders are holding shares “for and on behalf of Ircon International Limited”.

C) CHANGE IN PROMOTERS' SHAREHOLDING:

SN	Particulars	Shareholding at the beginning of the Year, as on 11 th May 2017		Cumulative Shareholding during the Year, as on 31 st March 2018	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the Beginning of the Year	50000	100%	50000	100%
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	NIL			
3.	At the End of the Year	50000	100%	50000	100%

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

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

	bonus/ sweat equity etc):	
3.	At the End of the Year	

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shareholding of Each Director(s) and Each Key Managerial Personnel \$	Shareholding at the beginning of the Year, as on 31 st March 2017		Cumulative Shareholding during the Year as on 31 st March 2018	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the Beginning of the Year	NIL			
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
At the End of the Year				

\$ 200 Equity Shares of Rs.10 each are held by Mr. Ashok Kumar Goyal and 100 Equity Shares of Rs.10 each are held by Mr. Anand Kumar Singh, Mr. Rajendra Singh Yadav and Ms. Anupam Ban, Directors of the Company "For and on behalf of Ircon International Limited"

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

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

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

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

B. REMUNERATION TO OTHER DIRECTORS:

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

@IrconDhhl had five Part-time Directors during the financial year 2017-18, nominated on the Board by the holding company; do not draw any remuneration from the Company. No sitting fee is paid to the Part-time Directors.

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

S. No.	Particulars of Remuneration #	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	1,51,583	-	-

	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify				
	- Performance linked incentive (PRP)	-	-	-	-
	- Retirement benefits (Pension, PF)	-	-	-	-
	Total				

#Remuneration: The remuneration of Key Managerial Personnel (KMP) as stated in table above is from the period of date of appointment of Ms. Payal Sharma as Company Secretary i.e. w.e.f 20th November 2017 till 31st March, 2018

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

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

Date: 19.09.2018
Place: New Delhi

Deepak Sabhlok
Chairman
DIN: 03056457

REPORT ON CORPORATE GOVERNANCE

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

1. Company Philosophy and Governance:

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

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

2. Board of Directors

2.1 Composition of Board: -

Pursuant to Article 54 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 IrconDhhl through nomination as mentioned below: -

Sl. No.	Directors	Whole-time/ Part-time/ Independent	Date of Appointment	DIN
1.	Mr. Deepak Sabhlok	Part-time Chairman	11.05.2017	03056457
2.	Mr. Ashok Kumar Goyal	Part-time Director	11.05.2017	05308809
3.	Mr. Anand Kumar Singh	Part-time Director	11.05.2017	07018776
4.	Mr. Rajendra Singh Yadav	Part-time Director	11.05.2017	07752915
5.	Ms. Anupam Ban	Part-time Director	11.05.2017	07797026

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

2.2 Meetings and Attendance of Board of Directors: -

Eight 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.

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.

2.3 The details of the meetings of the board and the attendance of directors alongwith their directorship or membership in other companies and board committees:

SCHEDULE OF BOARD MEETINGS HELD DURING – FY 2017-18 (In compliance of provisions enumerated under Companies 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.	1 st	May 12, 2017	-	5	-
2.	2 nd	May 25, 2017	13	5	-
3.	3 rd	June 13, 2017	20	5	-
4.	4 th	August 11, 2017	60	5	-
5.	5 th	September 8, 2017	29	5	-
6.	6 th	November 9, 2017	63	5	-
7.	7 th	December 5, 2017	27	4	1
8.	8 th	February 20, 2018	78	5	-

BOARD OF DIRECTORS AND THEIR MEMBERSHIPS OF BOD / COMMITTEES (As on the date of this report)

Directors	Whole-time / Part-time / Independent	Directorships held in Companies/ Body Corporates (excluding IrconDHHL)	Committee Memberships held in Companies / Body Corporates (including IrconDHHL)	
			As Chairman	As Member
Deepak Sabhlok [DIN 03056457]	Part – time Chairman	8 [Ircon, ISTPL, IrconPBTL, IrconSGTL, CERL, CEWRL, MCRL, and IrconVKEL]	1	5
Ashok Kumar Goyal [DIN 05308809]	Part – time Director	5 [ISTPL, IrconISL, IrconPBTL, IrconSGTL, and IrconVKEL]	4	4

Anand Kumar Singh [DIN 07018776]	Part – time Director	3 [IrconPBTL, IrconSGTL and IrconVKEL]	2	3
Rajendra Singh Yadav [DIN 07752915]	Part – time Director	3 [IrconPBTL, IrconSGTL and IrconVKEL]	-	5
Anupam Ban [DIN 07797026]	Part – time Director	3 [IrconPBTL, IrconSGTL and IrconVKEL]	1	-

**Directors who ceased to hold office
(During 2017-18 and thereafter till the date of this report)**

Directors	Whole-time / Part-time / Independent	Directorships held in Companies/ Body Corporates (excluding IrconDHHL)	Committee Memberships held in Companies / Body Corporates (including IrconDHHL)	
			As Chairman	As Member
NIL				

Notes:

- The number of Directorships is within the maximum limit of: 20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.
- Directors are not related to each other.
- Directors do not have any pecuniary relationships or transactions with the Company.
- The Directorships / Committee memberships are based on the latest disclosure received from Directors.
- Committee memberships of Audit Committees of all Public Limited Companies have been considered.
- The number of committee memberships of directors is within the maximum limit of ten including the permitted limit of five chairmanships under the DPE Corporate Governance Guidelines, 2010 (DPE Guidelines). Only Audit Committee is to be counted for the said limit.
- Full names of Companies referred:
 - Ircon – Ircon International Limited
 - IrconISL – Ircon Infrastructure Services Limited
 - ISTPL – Ircon-Soma Tollway Private Limited
 - IrconPBTL - Ircon PB Tollway Limited
 - IrconSGTL – Ircon Shivpuri Guna Tollway Limited
 - CERL – Chhattisgarh East Railway Limited
 - CEWRL - Chhattisgarh East-West Railway Limited
 - MCRL – Mahanadi Coal Railway Limited
 - IrconVKEL – Ircon Vadodara Kim Expressway Limited
 - IrconDhhl – Ircon Davanagere Haveri Highway Limited

3. BoD Meetings and Attendance during 2017-18

The Board Meetings were held on 12.05.2017, 25.05.2017, 13.06.2017, 11.08.2017, 08.09.2017, 09.11.2017, 05.12.2017 and 20.02.2018. The interval between the Board Meetings was within the period prescribed under the Companies Act, 2013.

Leave of absence was granted in terms of section 167(1)(b) of the Companies Act, 2013.

Number of the Board meetings attended by the Directors and Company Secretary during the Financial Year 2017-18 is as follows:

Name of the Director	Number of the Board meetings attended
Deepak Sabhlok	8/8
Ashok Kumar Goyal	8/8
Anand Kumar Singh	7/8
Rajendra Singh Yadav	8/8
Anupam Ban	8/8

Ms. Payal Sharma, Company Secretary, was appointed w.e.f November 20, 2017 and has attended 2 meetings held during the FY 2017-18.

4. Committees of BoD:

The Paid-Up Share Capital of the Company as on 31st March 2018 was Rs.5 Lakhs and increased to Rs.20.05 Crores during the Financial Year 2018-19, on account of rights issue of Rs.20 Crores made to the Holding Company, Ircon.

Consequently, pursuant to Section 177 and Section 178 of the Companies Act, 2013 read with Rule 6 and 7 of Companies (Meetings of Board and its Powers) Rules, 2014, the Audit Committee and Nomination and Remuneration Committee of the Board was constituted at its meeting held on 18th July 2018 alongwith the terms of reference under the Companies Act, 2013 read with associated rules thereunder and the Corporate Governance Guidelines, 2010 issued by the Department of Public Enterprises (DPE) as stated hereunder:

4.1 **Audit Committee**

4.1.1 Audit Committee – Terms of Reference:

- 1) Recommendation for remuneration of Statutory Auditors of the Company including payment for any other services rendered;
- 2) Review of Quarterly & Annual Financial Statements of the Company & Statutory Auditor's Report;
- 3) Reviewing performance of internal auditors & the qualifications raised by them in their Internal Audit Report
- 4) Approval or any subsequent modification of Related Party Transactions;
- 5) Scrutiny of Inter-corporate loans & investments;
- 6) Valuation of undertakings & assets of the Company;
- 7) Evaluation of Internal financial controls & Risk management systems;
- 8) Reviewing the observations raised by the C&AG
- 9) Monitoring end use of funds raised through public offers & related matters;

4.1.2 Audit Committee – Composition:

The Audit Committee of the Board, consisting of four part-time Directors of the Company, with the approval of Board of Directors adopting the terms of reference.

The present composition of the Committee is:

Mr. Anand Kumar Singh	-	Part-time Director as Chairman
Mr. Ashok Kumar Goyal	-	Part-time Director as Member
Mr. Rajendra Singh Yadav	-	Part-time Director as Member
Ms. Anupam Ban	-	Part-time Director as Member

Ms. Payal Sharma, Company Secretary, is the Secretary of the Audit Committee.

4.2 Nomination and Remuneration Committee

4.2.1 Nomination and Remuneration Committee – Terms of Reference:

- 1) Recommendation to Board for appointment of Senior Management and other employees;
- 2) Identification and assessment of qualifications, positive attributes and skills of Key Managerial Personnel (KMP) and Senior Management and likewise framing a policy for their remuneration;
- 3) Setting performance benchmarks, short and long-term performance objectives to meet the Company goals and targets; and
- 4) Deciding the annual bonus/variable pay pool and policy for its distribution.

4.2.2 Nomination and Remuneration Committee – Composition:

The Company has constituted the Nomination and Remuneration Committee on 18th July 2018 pursuant to section 178 of the Companies Act 2013 and para 5.1 of the DPE CG Guidelines, 2010 as under: -

i.	Mr. Anupam Ban	-	Part-Time Director as Chairman
ii.	Mr. Anand Kumar Singh	-	Part-Time Director as Member
iii.	Mr. Rajendra Singh Yadav	-	Part-Time Director as Member

Ms. Payal Sharma, Company Secretary, is the Secretary of Nomination and Remuneration Committee.

5. General Meetings:

The meetings of shareholders held during the year 2017-18 pertain to only two EGMs held, as tabulated below: -

Table II: General Meetings

Sr. No.	Type of Shareholder Meeting	Date of Meeting	Time	Location	For Transacting	
					Ordinary Business	Special Business
1.	First Extraordinary General Meeting (EGM)	June 1, 2017	1500 Hours	Company's Registered Office, Delhi	-	To amend object clause of Memorandum of Association of the Company Borrowing Powers of the Company in excess of Paid-up capital and free reserves under Section 180 (1)(c) of companies Act, 2013
2.	Second Extraordinary General Meeting (EGM)	January 15, 2018	1230 Hours	Company's Registered Office, Delhi	-	To increase in authorised share capital and subsequent alteration of memorandum of association of the Company Alteration of Alteration of the Company

6. 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.

7. CEO/CFO Certification

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

8. Certificate for Compliance with Corporate Governance Guidelines

DPE Guidelines, 2010 prescribes a certificate to be obtained from the Statutory Auditors or the Practicing Company Secretary for corporate governance guidelines followed by the

Company (Chapter 8: Report, Compliance and Schedule of Implementation – Clause 8.2: Compliance).

The said certificate was obtained from the Practising Company Secretaries (PCS), Arun Kumar Gupta and Associates, Company Secretaries, having office at 1005, Roots Tower, Plot No. 7, District Centre, Laxmi Nagar, Delhi – 110092, for the Financial Year 2017-18, and is attached herewith as **Annexure – C2**.

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

**Deepak Sabhlok
Chairman
DIN: 03056457**

**Date: 19.09.2018
Place: New Delhi**

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

We have reviewed the Financial Statements including the Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement for the Financial Year 2017-18 and to the best of our knowledge and belief: -

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

Mr. Nagangouda Hanumanthgouda Patil
Chief Executive Officer (CEO)

Mr. Sanjay Podder
JGM/ Finance

Date: 19.09.2018
Place: New Delhi

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

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

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2018, by Ircon Davanagere Haveri Highway Limited, a Government Company under section 2(45) of the Companies Act, 2013 (corresponding sections 2(18) and 617 of the Companies Act, 1956), as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).

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

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

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

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

In our opinion and to the best of our information and on the basis of our review and according to the information and explanation given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance in all material respects as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), except *non-appointment of Independent Directors on its Board and Constitution of Audit Committee and Nomination and Remuneration Committee with no Independent Directors as members, under the provisions of DPE Corporate Governance Guidelines, 2010. However, as per the submission of the Company the appointment of Independent Directors is in the process.*

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

**For ARUN KUMAR GUPTA & ASSOCIATES
COMPANY SECRETARIES**

**Sd/-
(Arun Kumar Gupta)
FCS- 5551
CP No- 5086**

**Place: New Delhi
Date: 19.09.2018**

Annexure - D

FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto for the financial year 2017-18

Sr. No.	Particulars	Description
1.	<i>Details of Contracts or Arrangements or Transactions not at Arm's Length Basis</i>	<i>NIL</i>
2.	<i>Details of Material Contracts or Arrangements or Transactions at Arm's Length Basis #</i>	<i>NIL</i>
3.	Name(s) of the related party and nature of relationship	<i>NIL</i>
4.	Nature of contracts or arrangements or transactions	
5.	Duration of the contracts or arrangements or transactions	
6.	Salient terms of the Contracts or Arrangements or Transactions including the value, if any	
7.	Date(s) of approval by the Board, if any:	
8.	Amount paid as advances, if any:	

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

Date: 19.09.2018
Place: New Delhi

Deepak Sabhlok
Chairman
DIN: 03056457

Revised Independent Auditor's Report

To the Members of
Irrcon Davangere Haveri Highway Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Irrcon Davangere Haveri Highway Limited ('the Company'), which comprise the Balance sheet as at 31st March 2018, the statement of profit and loss (including other comprehensive income), the Statement of Changes in Equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report, revised consequent upon observations of comptroller of Auditor General of India during the course of audit u/s 139(5) of the Companies Act, 2013 ("the Act") for the year ended on 31st March, 2018, supersedes our earlier report dated 18th July 2018 u/s 143 of the Companies Act, 2013.

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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2018, its profits, total comprehensive income, the changes in equity and its cash flows 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 sub-section (11) of section 143 of the Act, we give in the **Annexure 'A'**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Companies Act, 2013, the compliance of which is set out in "**Annexure B**".
3. As required by Section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the balance sheet, the statement of profit and loss, the statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;
 - e. on the basis of the written representations received from the directors as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in '**Annexure C**'; and
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - 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.

For Soni Chatrath & Co.

Chartered Accountants

Firm Registration No.: 001092N


Nakul Sarda

Partner

Membership No.: 513005



Place: New Delhi

Date: 11th September, 2018

Annexure A to the Independent Auditors' Report

Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date to the members of Ircon Davangere Haveri Highway Limited ("the Company") for the year ended 31st March 2018.

1. In respect of its fixed assets:

- a) The company does not have fixed assets as at 31st March 2018, therefore reporting under Para 3(i) is not applicable.

2. In respect of its inventories:

- a) The company does not hold any inventories during the financial year ended 31st March 2018, therefore reporting under Para 3(ii) is not applicable.

3. In respect of Loans given by the company

- a) According to the information and explanations given to us, 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 ('the Act'). Accordingly, the provisions of clause 3(iii) of the Order are not applicable to the Company.

4. In respect of Loans and Investments made by the Company

- a) In our opinion and according to the information and explanations given to us, the Company has not made any investments covered under the provisions of section 186 of the Companies Act 2013. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

5. In respect of Deposits

- a) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year in terms of the provisions of Sections 73 and 76 or any other relevant provisions of the Act.

6. In respect of maintenance of Cost Records

- a) In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013, in respect of the activities carried out by the company, therefore reporting under Paragraph 3(vi) is not applicable to the company.

7. In respect of Statutory Dues

- a) According to the information and explanations given to us and on the basis of examination of the records; the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, Goods and Service Tax (GST), cess and other material statutory dues with the appropriate authorities during the year. As explained to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March 2018 for the period of more than six months from the date of they are becoming payable. The provisions relating to sales tax, value added tax, duties of customs and excise are not applicable to the Company.
- b) According to the information and explanations given to us, there are no material dues of provident fund, income-tax, and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.



8. In respect of Repayment of Loan

- a) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

9. In respect of utilization of IPO, further public offer & term loans

- a) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). The Company did not raise any term loan during the year. Accordingly, provisions of clauses 3(ix) of the Order are not applicable to the Company.

10. In respect of Reporting of Fraud

- a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the period.

11. In respect of approval of Managerial Remuneration

- a) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the financial year therefore reporting under Para 3(xi) is not applicable.

12. In respect of reporting in a Nidhi Company

- a) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

13. In respect of Related Party Transactions

- a) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. In respect of reporting of Private placement / preferential allotment of shares / debentures

- a) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. In respect of reporting of Non-Cash Transactions

- a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act 2013. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. In respect of registration under the RBI Act, 1934

- a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Soni Chatrath & Co.

Chartered Accountants

Firm Registration No.: 001092N

Nakul Sarda

Partner

Membership No.: 513005



Place: New Delhi

Date:

11th September, 2018

Annexure 'B' to the Independent Auditors' Report

Referred to in Paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirements' section of our report of even date to the members of Ircon Davangere Haveri Highway Limited ("the Company") on the IndAS financial statements for the financial year ended on 31st March 2018

S. No.	Directions	Our Report
1.	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	The company does not have any immovable property as at 31 st March 2018.
2.	Whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons therefore and the amounts involved	According to the information and explanations given to us, there are no cases of waiver / write off of debts / loans / interest etc.
3.	Whether proper records are maintained for inventories lying with the third parties & assets received as gifts / grants from Government or other authorities?	The company does not maintain any inventories. According to information and explanations given to us, the company has not received any assets as gifts / grants from government or other authorities.

For Soni Chatrath & Co.
Chartered Accountants
Firm Registration No.: 001092N


Nakul Sarda

Partner

Membership No.: 513005

Place: New Delhi

Date:

11th September, 2018



Annexure 'C' to the Independent Auditors' Report

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

In conjunction with our audit of the financial statements of the company as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of the Ircon Davangere Haveri Highway Limited (hereinafter referred to as "the Company" or "Corporation").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 31st March 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 ICAI.

For Soni Chatrath & Co.
Chartered Accountants
Firm Registration No.: 001092N


Nakul Sarda
Partner
Membership No.: 513005



Place: New Delhi

Date:

11th September, 2018

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
Ind-AS Balance Sheet as at 31st March 2018
All amounts in INR Lacs unless otherwise stated

Particulars	Note No.	As at 31st March 2018
I. ASSETS		
1. Non-current assets		
(a) Financial Assets		
(i) Others	3	245.67
(b) Deferred tax assets (Net)	4	63.32
Total Non-current Assets		308.99
2. Current assets		
(a) Financial Assets		
(i) Cash and cash equivalents	5	0.23
(b) Other current assets	6	0.43
Total Current Assets		0.66
Total Assets		309.65
II. EQUITY AND LIABILITIES		
1. Equity		
(a) Equity Share Capital	7	5.00
(b) Other Equity	8	63.07
Total Equity		68.07
2. Liabilities		
Current liabilities		
(a) Financial Liabilities		
(i) Others	9	241.29
(b) Other current liabilities	10	0.29
Total Current Liabilities		241.58
Total Equity & Liabilities		309.65
III. Summary of Significant Accounting policies	1-2	
IV. Notes forming part of financial statement	3-17	

The accompanying notes are an integral part of the Financial statements

In terms of our Audit Report attached

for **Soni Chatrath & Co.**
Chartered Accountants
Firm Reg. No. 001092N

Nakul Sarda
Partner
Membership No. 513005



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

Deepak Sabhlok
Director
DIN - 03056457

Ashok Kumar Goyal
Director
DIN - 05308809

Anand Kumar Singh
Director
DIN - 007018776

Payal Sharma
Company Secretary

Place : New Delhi

Date : 18th July 2018

Place : New Delhi

Date : 18th July 2018

Place : New Delhi

Date : 18th July 2018



IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Ind-AS Statement of Profit & Loss for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

Particulars	Note No.	For the Period ended 31st March 2018
I. Expenses:		
Other Expenses	11	0.25
Total Expenses (IV)		0.25
II. Profit/(loss) Before exceptional items and Tax (II)		(0.25)
III. Exceptional items		-
IV. Profit/(Loss) before tax (II - III)		(0.25)
V. Tax expense:		
(1) Current tax		-
- For the year		-
- For earlier years (net)		(63.32)
(2) Deferred tax (net)		(63.32)
Total Tax Expense (V)		(63.32)
VI. Profit/(loss) for the period (IV - V)		63.07
VII. Other Comprehensive Income:		
(i) Items that will not be reclassified to profit or loss		-
(ii) Income Tax relating to Items that will not be reclassified to profit or loss		-
(i) Items that will be reclassified to profit or loss		-
(ii) Income Tax relating to Items that will be reclassified to profit or loss		-
Total Other Comprehensive Income (VII)		-
VIII. Total Comprehensive Income for the period (VI + VII)		63.07
XVI. Earnings Per Equity Share:		
(1) Basic		126.15
(2) Diluted		126.15

The accompanying notes are an integral part of the Financial statements

In terms of our Audit Report attached

for **Soni Chatrath & Co.**

Chartered Accountants

Firm Reg. No. 001092N

Nakul Sarda

Partner

Membership No. 513005



For and on behalf of the Board of Directors of

Ircon Davanagere Haveri Highway Limited

Deepak Sabhlok

Director

DIN - 03056457

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Place : New Delhi

Date : 18th July 2018

Place : New Delhi

Date : 18th July 2018



IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
Ind-AS Statement of Cash flows for the period ended 31st March 2018
All amounts in INR Lacs unless otherwise stated

Particulars	For the Period ended 31st March 2018
CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit before taxation	(0.25)
Adjustment for :	
Interest Income	-
Operating Profit before working capital changes	(0.25)
Adjustment for :	
Decrease / (Increase) in Other Current Assets	(0.43)
(Decrease) / Increase in Other Current Financial Liability	241.29
(Decrease) / Increase in Other Current Liability	0.29
Cash generated from operation	240.90
Income Tax Paid	-
NET CASH FROM OPERATING ACTIVITIES (A)	240.90
CASH FLOW FROM INVESTING ACTIVITIES	
Capital Expenditure on the project	(245.67)
NET CASH FROM INVESTING ACTIVITIES (B)	(245.67)
CASH FLOW FROM FINANCING ACTIVITIES	
Share Capital	5.00
NET CASH FROM FINANCING ACTIVITIES (C)	5.00
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (A+B+C+D)	0.23
CASH AND CASH EQUIVALENT (OPENING) (E)	
Cash Balances	-
Balance with Banks	-
Short term investments	-
CASH AND CASH EQUIVALENT (CLOSING) (F)	
Cash Balances	-
Balance with Banks	0.23
Short term investments	-
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT (F - E)	0.23

The accompanying notes are an integral part of the Financial statements

In terms of our Audit Report attached

for **Soni Chatrath & Co.**

Chartered Accountants

Firm Reg. No. 001092N

Nakul Sarda

Partner

Membership No. 513005



For and on behalf of the Board of Directors of

Ircon Davanagere Haveri Highway Limited

Deepak Sabhlok

Director

DIN - 03056457

Ashok Kumar Goyal

Director

DIN - 05308809

Anand Kumar Singh

Director

DIN - 007018776

Payal Sharma

Company Secretary



Place : New Delhi

Date : 18th July 2018

Place : New Delhi

Date : 18th July 2018

Place : New Delhi

Date : 18th July 2018

Statement of Changes in Equity for the period ended 31st March 2018
All amounts in INR Lacs unless otherwise stated

In terms of our Audit Report attached

Nakul Sarda
Partner
Membership No. 513005

Date: 18th July 2018

Note No. 01: Corporate Information

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

Note No. 02: Summary of Significant Policies**(a) Basis of Preparation****i) Statement of Compliance**

The financial statements as at and for the year ended March 31, 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 under the historical cost convention and on an accrual basis, except certain financial assets and liabilities measured at fair value (Refer Note No. 16) as required by relevant Ind-AS.

i. Certain financial assets and liabilities measured at fair value.

iii) Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of income and expenses. Actual results may differ from these estimates.

Critical accounting estimates and judgments:

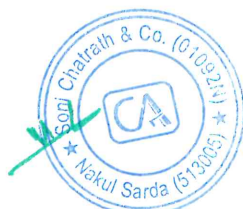
- Fair value measurement of financial Instrument
- Useful life of property, plant and equipment & intangible assets
- Determination of percentage of completion in construction contract
- Impairment of Non-financial assets
- Impairment of financial assets
- Estimation of Deferred & Current tax

Estimates and underlying assumptions are reviewed on a periodic basis. Future results could differ due to changes in these estimates and difference between the actual result and the estimates are recognized in the period in which the results are known /materialize.

All financial information presented in Indian rupees and all values are rounded to the nearest lakhs rupees with two decimal points except where otherwise stated.

(b) Statement of Cash Flow

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



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(c) 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 the use of which is expected to be irregular are capitalized & depreciated/amortized over the balance life of such Property, Plant & Equipment.
- Cost of asset includes the following-
 - Cost directly attributable to the acquisition of the assets.
 - Incidental expenditure during the construction period is capitalized as part of the indirect construction cost to the extent the expenditure is directly related to construction or is incidental thereto.
 - Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.
- Cost of replacement, major inspection, repair of significant parts and borrowing costs for long-term construction projects are capitalized if the recognition criteria are met.
- An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.
- Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work-in-progress. Expenses directly attributable to project, prior to commencement of commercial operation, are considered as project development expenditure and shown under Capital Work-in-Progress.

Depreciation

Depreciation on Property, plant and Equipment is provided on Straight Line basis (SLM) over the useful life of the assets as specified in Schedule II of the Companies Act, 2013.

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

Leasehold land and improvements are amortized over the lower of estimated useful life and lease term.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate

Property plant and equipment acquired during the year, individually costing up to Rs. 5000/- are fully depreciated, by keeping Re. 1 as token value for identification.

(d) Intangible Assets and Intangible Assets under development**1. Intangibles Other than those under Service concession agreement**

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.

Amortization of Intangible Assets

Intangible assets are amortized over their respective estimated useful lives on a straight-line basis from the date that they are available for use.

The estimated useful life of intangible assets is as follows:

Intangible Assets	Useful life	Self-generated/acquired
Software	36 months	Acquired

Amortization methods, useful lives and residual values are reviewed at each reporting date.

Software cost up to Rs.1 Lakh in each case is fully amortized in the year of purchase, by keeping Rs. 1 for token value for identification.

(e) Cash and cash Equivalent

Cash and cash equivalents in the balance sheet comprise of cash at bank, cash in hand, Cheques in hand and short-term deposits with an original maturity of 3 months or less which are subject to insignificant risk of changes in value.

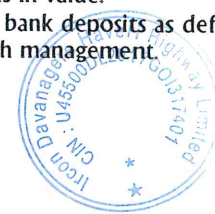
For the purpose of statement of cash flow, cash and cash equivalents consist of cash and short term bank deposits as defined above net of outstanding bank overdrafts since they are considered as integral part of company's cash management.



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(f) Provisions

Provision is recognized 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 recognized 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.

(g) Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to company and the revenue can be reliably measured.

Operating Revenue

Construction Contract Revenue under SCA

Revenue related to construction or upgrade services under a service concession arrangement is recognized based on the stage of completion of the work performed, when the outcome of construction contract can be measured reliably, and where the outcome of construction contract cannot be measured reliably revenue is recognized only to the extent of contract cost incurred that is probable will be recoverable.

Other Revenue Recognition

Dividend income is recognized when the right to receive payment is established.

Interest income is recognized taking into account the amount outstanding and the interest rate applicable using Effective Interest rate Method.

(h) Impairment of non-financial assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value and impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. At each reporting date company assesses the estimate amount of impairment loss. The impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount and such losses either no longer exists or has decreased. Reversal of impaired loss is recognized in the Statement of Profit & Loss.

(i) Borrowing Cost

Borrowing cost in ordinary course of business are recognized as expense of the period in which they are incurred. Borrowing cost that is directly attributable to acquisition, construction or production of a qualifying asset is capitalized as part of the cost of the asset.

(j) Employee Benefits

1. 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.

2. 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.



(k) Leasing-

1. Company as a lessee

Finance Lease: -

- i. that transfers substantially all the risks and rewards incidental to ownership of an asset
- ii. are capitalised at lease inception at lower of fair value or present value of minimum lease payment
- iii. 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.
- iv. Finance charges are recognised in finance costs in the statement of profit and loss.
- v. 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.
- ii. 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

(l) Current income tax

- i. Taxes including current income-tax are computed using the applicable tax rates and tax laws.
- ii. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.
- iii. Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Liability for additional taxes, if any, is provided / paid as and when assessments are completed.
- iv. Current tax related to OCI Items is recognized in Other Comprehensive Income (OCI).

(m) Deferred tax

- i. Deferred income tax is recognized using balance sheet approach.
- ii. Deferred income tax assets and liabilities are recognized for temporary differences which is computed using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.
- iii. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.
- iv. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.
- v. Deferred tax related to OCI Item is recognized in Other Comprehensive Income (OCI).

(n) Operating Segment

Operating segments are reported in the manner consistent with the internal reporting provided by the chief operating decision maker (CODM). Company has identified only one reportable segment.

(o) Earning as per Share

In determining basic earnings per share, the company considers the net profit attributable to equity shareholders. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period

In determining diluted earnings per share, the net profit attributable to equity shareholders and weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

(p) Functional Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. (i.e. Functional Currency). The financial statements are presented in Indian rupees, which is the presentation as well as Functional currency of company.



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Transactions in foreign currency

All foreign currency transactions are translated into functional Currency at the rate prevalent on the date of transaction.

Non-monetary items are translated at the rate on the date of initial transaction.

Monetary items denominated in foreign currency are translated at the prevailing closing selling rates for Liabilities and closing buying rate for Assets, at each reporting date.

Foreign Exchange Gains or Losses in respect of above transactions are recognized in Statement of profit and loss.

(q) Contingent Liabilities and contingent Assets

Contingent Liabilities are disclosed in either of the following cases:

- i. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or
- ii. A reliable estimate of the present obligation cannot be made; or
- iii. A possible obligation, unless the probability of outflow of resource is remote

Contingent assets is disclosed where an inflow of economic benefits is probable

Contingent Liability and Provisions needed against Contingent Liability and Contingent Assets are reviewed at each Reporting date.

Contingent Liability is net of estimated provisions considering possible outflow on settlement.

(r) Fair Value Measurement

Company measures financial instruments 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest. The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

At the reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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



(s) Dividend to equity holders

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

(t) Financial instruments: -

i. Initial recognition and measurement

Financial Instruments recognized at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial instruments

ii. Subsequent measurement

Financial Assets

Financial assets are classified in following categories:

At Amortised Cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets 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 the principal amount outstanding.

Such financial assets measured at amortised cost using effective interest rate(EIR) method less impairment, if any. The EIR amortisation is included in finance income in the statement of profit and loss.

At fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the Fair value through other comprehensive income if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent solely payment of principal and interest (SPPI).

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned is recognised using the EIR method.

At Fair value through Profit & 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 P&L.

Financial liabilities

Financial liabilities at Amortized Cost

Financial liabilities at amortized cost represented by trade and other payables, security deposits and retention money are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

Financial liabilities at FVTPL

The company has not designated any financial liabilities at FVTPL.



De-recognition

Financial Asset

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

Financial Liability

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

(u) Impairment of financial assets:

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI debt instruments. The impairment methodology applies on whether there has been significant increase in credit risk.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss.



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
Notes to the Financial statements for the period ended 31st March 2018
All amounts in INR Lacs unless otherwise stated
Note No. 03 : Other Financial Assets

Particulars	As at 31st March 2018
Non-current	
(Unsecured and considered good)	
Financial assets carried at Amortized Cost	
Construction cost incurred in terms of SCA (Refer Note No. 14)	245.67
Total	245.67

Breakup of Construction cost incurred:-

Particulars	For the period ended 31st March 2018
Employee Cost	4.26
Legal & Professional	0.35
Printing & Stationary	0.27
Rent (Non Residential)	1.84
Travelling & Conveyance	0.03
Bank Guarantee & Other Charges	3.02
GST Paid to Agency	0.33
Inspection Geotech & Survey Expenses	45.20
Preliminary Expenses	190.37
Total	245.67

Note No. 04 : Deferred Tax Assets

Particulars	As at 31st March 2018
Deferred tax assets	63.32
Less: Deferred tax liabilities	-
Total	63.32

Period ended 31st March 2018	Opening Balance	Recognized in Profit &	Recognized in Other Comprehensive	Closing Balance
Deferred tax assets in relation to:-				
Other Financial Assets	-	63.26	-	63.26
Carry Forward of Losses	-	0.06	-	0.06
Total	-	63.32	-	63.32

Note No. 05 : Cash and Cash Equivalents

Particulars	As at 31st March 2018
Balances with banks:- - In current accounts	0.23
Cash on hand	-
Total	0.23

Note No. 06 : Other Current Assets

Particulars	As at 31st March 2018
Prepaid Expenses	0.37
Balance with Government authorities	0.06
Total	0.43



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial statements for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

Note No. 07 : Equity Share Capital

Particulars	As at 31st March 2018
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Authorized share capital

21,70,50,000 Equity shares of Rs. 10 each 21,705.00

Total **21,705.00****Issued / Subscribed and Paid up Capital**

50,000 Equity shares of Rs. 10 each-fully paid 5.00

Total **5.00****Details of shareholders holding more than 5% share in company**

Particulars	As at 31st March 2018	
	No. of shares	% holding
Ircon International Limited (Holding Company)	0.50	100%
Total	0.50	100%

Reconciliation of the number of equity shares and share capital

Particulars	As at 31st March 2018	
	No. of shares	Amount
Equity share outstanding at the beginning of the period	-	-
Add: Shares Issued during the period	0.50	5.00
Equity share outstanding as at 31st March 2018	0.50	5.00

Terms/rights attached to shares

a) Voting

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

b) Dividends

No dividend is proposed as Company has not yet commenced 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



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial statements for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

Note No. 08 : Other Equity

Particulars	As at 31st March 2018
Retained Earnings	63.07
Total	63.07

Retained Earnings

Particulars	As at 31st March 2018
Opening Balance	-
Add: Profit transferred from Statement of Profit & Loss A/c	63.07
Less: Fees paid for increase in paid up capital	-
Less: Transfer to General reserve	-
Closing Balance	63.07

Note No. 09 : Other Financial Liabilities

Particulars	As at 31st March 2018
Current	
Salaries & wages payable	1.05
Other payables:-	
Payable to Related parties (Ircon International)	228.59
Payable to Others	1.09
Audit fees payable	0.23
Payable to NHAI (independent engineers cost)	10.33
Total	241.29

Note No. 10 : Other Current Liabilities

Particulars	As at 31st March 2018
Statutory Dues Payable	
Income Tax -TDS payable	0.29
Total	0.29



IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

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Notes to the Financial statements for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

Note No. 11 : Other Expenses

Particulars	For the period ended 31st March 2018
Auditors remuneration	0.25
Total	0.25

Payment to Statutory Auditors:

Particulars	For the period ended 31st March 2018
Audit Fee - current year	0.25
Total	0.25



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

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Notes to the Financial statements for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

Note No. 12 : Details of Related Party Transactions during the year

Name of Related Party	Particular	Transactions (Rs.)	Outstanding Amount
Ircon International Limited	Investment in Equity	5.00	5.00
	Other Payables	228.59	228.59
	Rent	1.84	
	Reimbursement of Expenses	228.59	



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

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Notes to the Financial statements for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

Note No. 13 : Other Notes to Accounts

a. The company is incorporated on 11th May 2017, as a wholly owned subsidiary of Ircon International Limited. Ircon Davanagere Haveri Highway Limited (IDHHL) has entered into service concession arrangement with National Highway Authority of India (NHAI) dated 19-06-2017. in terms of which NHAI (the grantor) has authorized the company for development, maintenance and management of National Highway No. 48 (Old NH-4) including the section from Km 260.00 to Km 338.923 (approx. 78.923 Km) on Davanagere - Haveri Section of National Highway No. 48 (Old NH-4) in the State of Karnataka by six-laning thereof on design, build, finance, operate and transfer basis . In terms of the said agreement IDHHL has an obligation to complete construction of the project of Six laning of Davanagere Haveri section and to keep the project assets in proper working condition including all projects assets whose

b. This is the First year of incorporation incorporation, and first time that these results are being prepared. Corresponding figures of 31st March 2017 are therefore are not available for disclosure.

c. Contingent Liabilities : Nil

d. The Company has not engaged any supplier so far so there is no transaction under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Based on this information, there are Nil due to Micro, Small and Medium Enterprises as on

e. 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 .

f. 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.

g. Operating Segments (Disclosure under IndAS 108)

The Company has objective to carry on the business of development, maintenance and management of National Highway No. 48 (Old NH-4) including the section from Km 260.00 to Km 338.923 (approx. 78.923 Km) on Davanagere - Haveri Section of National Highway No. 48 (Old NH-4) in the State of Karnataka by six-laning thereof on design, build, finance, operate and transfer basis, and limited to the said work, and has no diversification in the business. The Company has single business and geographical segment.



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial statements for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

Note No. 14 : Service Concession Arrangements

Public to private service concession arrangements are recorded in accordance with Appendix "A"- Service Concession Arrangements (Ind AS-11). Appendix "A" is applicable if:

- The Grantor controls or regulates which services the operator should provide with the infrastructure, to whom it must provide them, and at what price; and
- The grantor controls- through ownership, beneficial entitlement, or otherwise- any significant residual interest in the infrastructure at the end of the term of the arrangement.

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

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

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

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

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

Company has recognized financial asset of Rs. 245.67 lakhs consisting of Rs 55.30 lakhs on construction of assets and also Rs 190.37 Lakhs as Pre incorporation expenses, under service concession agreement for the period ended 31st March 2018. The company has not recognised any revenue from operation of roads since the construction of line is in process. The revenue shall be booked once the operation of line is commenced. The company has recognized receivable under service concession arrangement measured initially at fair

Construction Contracts

In terms of the disclosure required in Ind AS -11 Construction Contracts as notified in the companies (Indian Accounting Standard) rules 2016, the amount considered in the financial statements up to the balance sheet date are as follows:-

Particulars	31st March 2018
Contract Revenue Recognized	-
Aggregate amount of cost incurred	245.67
Amount of advance received from Client	-
Amount of retention by Client	-
Gross amount due from Client for Contract Works	-




IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial statements for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

Note No. 15 : Capital Management

The objective of the Company is to manage its capital in a manner to ensure and safeguard their ability to continue as a going concern so that company can continue to provide maximum returns to share holders and benefit to other stakeholders. Further, company manages its capital structure to make adjustments in the light of changes in economic conditions and requirements of the financial covenants.

Note No. 16 : Financial Instruments

(i) Financial Instruments by Category

Particulars	As at 31st March 2018		
	FVTPL	FVTOCI	Amortized Cost
Financial Assets			
Cash & Cash Equivalents	-	-	0.23
Other Financial Assets	-	-	245.67
Total Financial Assets	-	-	245.90
Financial Liabilities			
Other Financial liabilities	-	-	241.29
Total Financial Liabilities	-	-	241.29

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

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

- Long term variable rate borrowings are evaluated by company on parameters such as interest rates, specific country risk factors and other risk factors. Based on this evaluation the fair value of such payables are not materially different from their
- The fair value of the Cash & cash equivalents , other financial assets and other financial liabilities are considered to be equivalent to their carrying values.
- For financial assets and Liabilities that are measured at fair value, the carrying amount are equal to the fair values.

ii) Financial risk management

The Company's principal financial liabilities borrowing and other financial liabilities. The main purpose of these financial liabilities is to finance the company's operations. The Company's principal financial assets include cash and cash equivalents and recoverable from NHAI that derive directly from its operations. The Company's activities expose it to a variety of financial

a) Market Risk

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

b) Interest Rate Risk

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

c) 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. 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. currently company has dealt with NHAI (National



IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

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Notes to the Financial statements for the period ended 31st March 2018

All amounts in INR Lacs unless otherwise stated

d) 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

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.

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

Particulars	As on 31st March, 2018		
	Less than 1 Year	1-2 years	2 Years and above
Borrowings	-	-	-
	-	-	-

Note No. 17 : Key sources of Estimation uncertainty

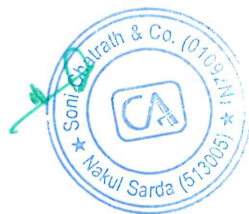
The followings are the key assumptions concerning the future, and the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities

a) Fair valuation measurement and valuation process

The fair values of financial assets and financial liabilities are measured using the valuation techniques including DCF model. The inputs to these methods are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required for arriving at fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

b) Taxes

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



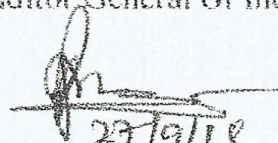
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IRCON DAVANGERE HAVERI HIGHWAY LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of **IRCON DAVANGERE HAVERI HIGHWAY LIMITED** for the period 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 Revised Audit Report dated 11 September 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **IRCON DAVANGERE HAVERI HIGHWAY LIMITED** 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.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6) (b) of the Act.

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


27/9/18
(B.R. Mondal)

Principal Director of Audit
Railway Commercial, New Delhi

Place: New Delhi

Dated: 27 September 2018



**IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
(‘IrconDHHL’)**

Registered & Corporate Office:

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