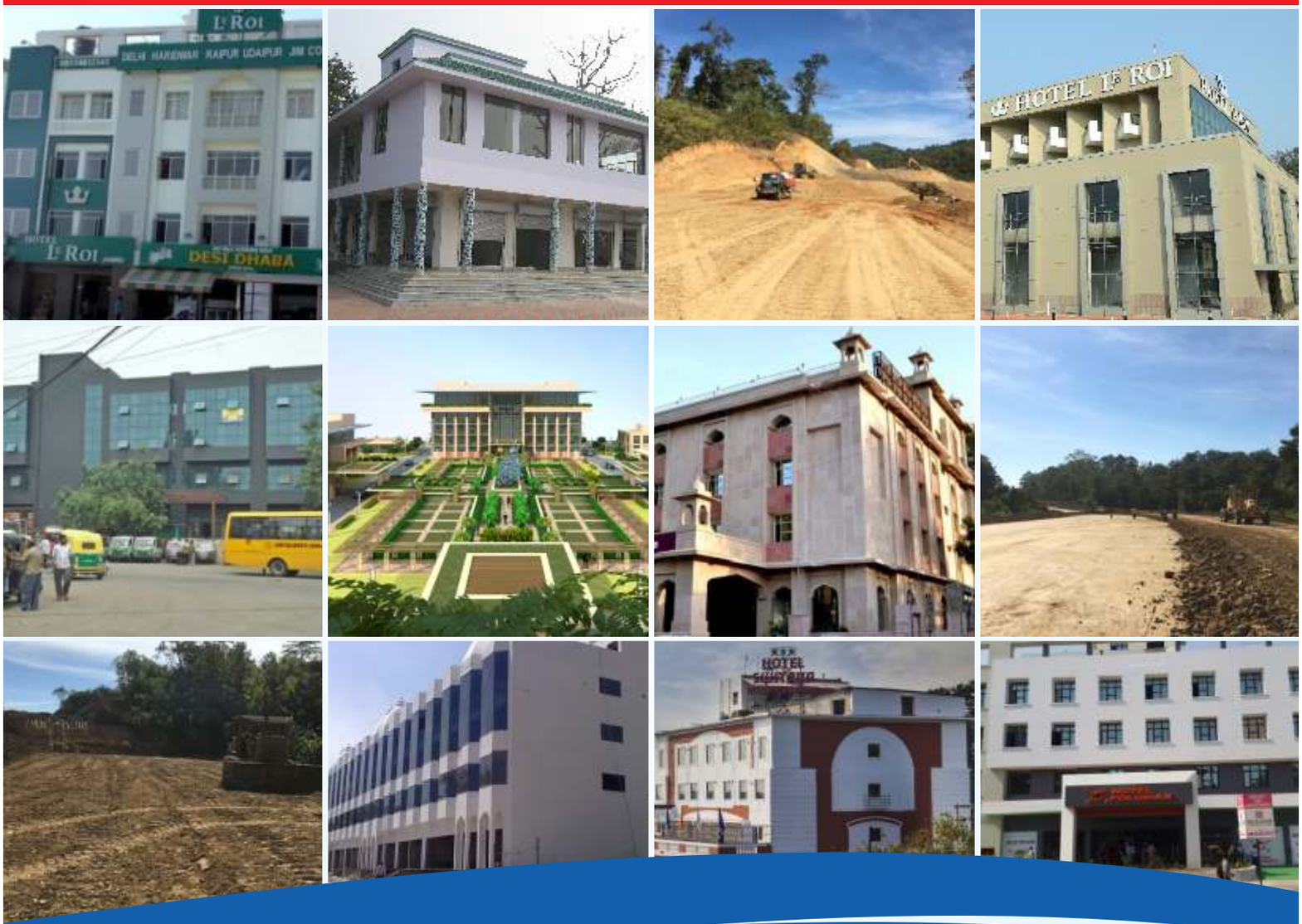
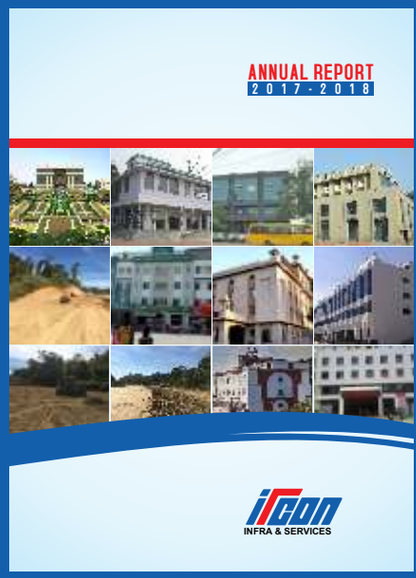
ANNUAL REPORT
2017 - 2018



INFRA & SERVICES

Vision & Mission

"To be recognized as a specialised infrastructure developer and establish itself as a renowned service provider for all areas of Infrastructure Projects with special emphasis on Environment, Quality and Safety"



CONTENTS

Board Of Directors

(Part-Time Directors)

Mr. M.K. Singh
Chairman

Mr. Surajit Dutta
Director

Mr. A.K. Goyal
Director

Mr. Parag Verma
Director

Key Executives

Mr. Aniket Khetrapal
Chief Financial Officer

Mr. C.K. Nayar
Chief Executive Officer

Statutory Auditors

Kapoor Goyal & Co.
Chartered Accountants
G-1, Pooja Apartment, 4A,
Ansari Road, Daryaganj,
New Delhi - 110 002

Main Bankers

Indian Overseas Bank
HDFC Bank

Registered Office

Plot No. C-4, District Centre, Saket,
New Delhi-110017
CIN-U45400DL2009GOI194792

Multi Functional Complexes


Indore

Gwalior

Allahabad

Jammu

Siliguri

Digha


Bardhaman


Haridwar

Chairman's Address

Distinguished Shareholders,

It gives me immense pleasure to welcome you all to the 9th Annual General Meeting of IrconISL. The Annual Report for the Financial Year ending 31st March 2018, along with the Directors' Report, Audited Financial Statements, Statutory Auditors' Report and Secretarial Auditors' Report have been circulated and I request your permission to take them as read.

At the outset, I would like to briefly share with you the details of the performance of the Company.

Financial Profile

During the FY 2017-18, your Company has recorded operating revenue of INR 32.36 crores, as compared to INR 40.98 crores recorded in the previous year, and total revenue of INR 39.12 crores, a decline of 17.19% (approx.) over the previous year. The Company has achieved Profit before tax of INR 18.11 crores. The Profit after tax is INR 13.65 crores.

The rising turnover in the financial year 2016-17 was mainly due to the supply of manpower for Ircon's Project and execution of CSR works on cost plus basis for other PSUs. Thus, the revenue booked during the financial year 2016-17 under these projects were INR 2.19 crores and INR 5.05 crores respectively while in 2017-18, it is INR 0.48 crores and INR 1.54 crores only. Therefore, in real terms and in comparison, to previous financial years, the revenue from operations has increased.

Operational Profile

Your Company had undertaken the development of Multi-Functional Complexes for the Ministry of Railways at twenty-four identified railway station premises. IrconISL has successfully sub-leased 23 MFCs to third parties. The MFC at Tarapith was considered financially unviable and therefore, returned to RLDA. The company has terminated the sub-lease agreement of MFCs at Kannur, Madurai, Hyderabad, Mysore, Rampurhat, Rajgir, and Thiruvalla due to non-payment of lease rent by sub-lessee.

Your Company has successfully completed a consultancy project awarded by Government of Myanmar for preparation of detailed project report for Maungtaw-Alethenkyaw Road project in Rakhine State of Myanmar. The final DPR was submitted on 28.02.2018.

IrconISL is providing Project Management Consultancy services to Ministry of External Affairs (MEA) for Construction of Two Lane Road on NH Specifications from Paletwa to India-Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar having construction cost of Rs. 1518 crores.

IrconISL is also providing Project Management Consultancy services to Ministry of External Affairs (MEA) for Construction of 69 Bridges including Approach Road on Tamu-Kyigone-Kalewa (TKK) section of the Trilateral Highway in Myanmar having construction cost of Rs. 293.93 crores. The PMC agreement for the same was signed on 26.10.2017.

Your company has been appointed as PMC for construction of Multi Modal Logistic Park (MMLP) at Paradip (Odisha) awarded by Container Corporation of India Ltd. (CONCOR) on 25.10.2017 having estimated cost of Rs. 66.88 crores at PMC fees of Rs.3.72 crores. IrconISL is also providing PMC service for construction of Multi Modal Logistic Park near Kadakola station,

Mysuru District, Karnataka awarded by Container Corporation of India Ltd. (CONCOR) at PMC fees of Rs.3.25 crores.

IrconISL is providing PMC work for construction of Barrack accommodation for security personnel at 07 Land Ports by Land Ports Authority of India (LPAI) having total project cost of approx. Rs. 198.53 crores (including PMC fees).

IrconISL has been appointed as PMC for construction of two Navodaya Vidyalaya at JNV, Agar Malwa (Madhya Pradesh) and Sabarkantha (Gujarat) for Navodaya Vidyalaya Samiti (an autonomous organization under Ministry of HRD). The agreements for both the projects were signed on 14.09.2017 and the estimated project cost is approx. Rs. 25.09 crores and Rs. 18.06 crores (including PMC fees), respectively.

IrconISL has also been appointed as PMC work for establishment of Haryana Vishwakarma Skill University at Dudhola, Palwal, Haryana on 22.01.2018. The estimated value of project is approx. Rs. 425 crores (including PMC fees).

Your Company has secured a PMC work for construction of new State-of-Art Building of Department of Science & Technology at Technology Bhawan, New Mehrauli Road, New Delhi on 16th October 2017. The agreement has been signed on 10.11.2017 and the estimated value of the project is approx. Rs. 192 crores (including PMC fees).

IrconISL is also providing Construction facilities to Powergrid Corporation of India Limited in Baghanki and Pachgaon village of Manesar; Kukrola, Manesar and Gazipur district, Uttar Pradesh under its CSR initiative.The combined total cost from these projects is approx. Rs. 4.32 crores (including PMC fees).

Your Company has secured a Project Management Consultancy work for construction of Multi-Model Logistic Park (MMLP) near New Bhaupur on Eastern Dedicated Freight Corridor in Distt. Kanpur, Uttar Pradesh for Container Corporation of India Limited (CONCOR) on 11th June 2018.The estimated cost of the project is approx. Rs. 108.36 crores at PMC fees of Rs. 6.02 crores.

Your Company has also secured a new project of Project Management and replacement of Sleepers MGR System of Stage-1 at NTPC Unchahar, Uttar Pradesh for National Thermal Power Corporation Limited (NTPC) on 26.07.2018. The estimated cost of the project is approx. Rs. 34.19 crores (including PMC fees).

Corporate Governance

Your Company has been ensuring compliance of applicable rules, laws, regulations, and transparency conducting the business in an ethical manner. Quarterly compliance report for corporate governance under para 8.3 of Department of Public Enterprises Guidelines on Corporate Governance for CPSE's, is being sent to respective Ministry(s)/ Department(s). A separate section on corporate governance furnishing applicable details forms part of the Directors' Report.

Acknowledgement

On behalf of the Board of Directors and the Company, I extend our sincere gratitude to Ministry of Railways, Ministry of External Affairs, Ministry of Science & Technology, Haryana Vishwakarma Skill University and Rail Land Development Authority and additionally to our holding company Ircon International Limited and the shareholders thereon, for their continued support and guidance. I also appreciate the efforts of the company's employees, who are our most valuable asset. Their dedication, intellect, hard work, and deep sense of values has been the key to take our company forward. Conclusively, I would like to thank our clients, vendors and partners for their trust and support.

Sd/-
(M.K. Singh)
Chairman
(DIN 06607392)

Place: New Delhi
Date: 25.09.2018

Directors' Report

Directors' Report

Distinguished Shareholders of IrconISL,

Your Directors are pleased to present the 9th Annual Report of the Company for the financial year 2017-18, together with the Audited Financial Statements, the Auditors' Report, and Review by the Comptroller and Auditor General of India.

OPERATIONAL PERFORMANCE

A. Your Company had undertaken the work of development of Multi-Functional Complexes (MFCs) for Ministry of Railways in the vicinity of identified railway station premises, with the objective of providing facilities and amenities to users of Indian Railway System. The physical work of construction (warm shells) was taken up on 24 stations namely Alleppey, Bardhaman, Digha, Haridwar, Indore, Rampurhat, Raipur, Siliguri, Madurai, Mysore, Udaipur, Allahabad, Bilaspur, Gwalior, Hyderabad, Hubli, Jabalpur, Jodhpur, Kannur, Rajgir, Tarapith, Thiruvalla, Jammu (MFC with budget hotel) and Jammu MFC(small). Work has been completed at all the stations successfully.

   IrconISL has successfully sub-leased 23 MFCs to third parties. The MFC at Tarapith is considered financially unviable and returned to RLDA. Out of these 23 sub-leased MFCs, the company has terminated the sub-lease agreements at Kannur, Madurai, Hyderabad, Mysore, Rampurhat, Rajgir, and Thiruvalla due to non-payment of lease-rent by sub-lessee.

B. IrconISL has successfully completed a consultancy project awarded by Government of Myanmar for preparation of detailed project report for Maungtaw-Alethenkyaw Road project in Rakhine State of Myanmar. The final DPR was submitted on 28.02.2018.

   IrconISL is providing Project Management Consultancy services to Ministry of External Affairs (MEA) for Construction of 69 Bridges including Approach Road on Tamu-Kyigone-Kalewa (TKK) section of the Trilateral Highway in Myanmar having construction cost of Rs. 293.93 crores. The PMC agreement for the same was signed on 26.10.2017.

   IrconISL is also providing Project Management Consultancy services to Ministry of External Affairs (MEA) for Construction of Two Lane Road on NH Specifications from Paletwa to India-Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar having construction cost of Rs. 1518 crores. The PMC agreement for the same was signed on 09.03.2017.

Installation of Stone Crusher at Camp-1 km. 0+000 (Construction of Two Lane Road on NH Specifications from Paletwa to India-Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar)

IrconISL has been appointed as PMC for construction of Multi Modal Logistic Park (MMLP) at Paradip (Odisha) awarded by Container Corporation of India Ltd. (CONCOR) on 25.10.2017. The estimated cost of the project is approx. Rs. 66.88 crores at PMC fees of Rs.3.72 crores. IrconISL is also providing PMC service for construction of Multi Modal Logistic Park near Kadakola station, Mysuru District, Karnataka at PMC fees of approx. Rs. 3.25 crores.

IrconISL is also providing PMC for construction of Barrack accommodation for security personnel at 07 Land Ports by Land Ports Authority of India (LPAI) namely, Attari (Punjab), Raxual (Bihar), Jogbani (Bihar), Petrapole (West Bengal), Dawki (Meghalaya), Agartala (Tripura), Moreh (Manipur) having total project cost of approx. Rs. 198.53 crores (including PMC fees).

Further, IrconISL is providing Project Management Consultancy work for construction of two Navodaya Vidyalaya at JNV, Agar Malwa (Madhya Pradesh) and Sabarkantha (Gujarat) for Navodaya Vidyalaya Samiti (an autonomous organization under Ministry of HRD). The agreements were signed on 14.09.2017 for both the projects.The estimated project cost of both the projects are approx. Rs. 25.09 crores and Rs. 18.06 crores (including PMC fees), respectively.

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Model of Haryana Vishwakarma Skill University at Dudhola, Palwal, Haryana

Construction site view of Haryana Vishwakarma Skill University at Dudhola, Palwal, Haryana

Your Company has also secured a Project Management Consultancy work for construction of new State-of-Art Building of Department of Science & Technology at Technology Bhawan, New Mehrauli Road, New Delhi. The agreement for the same was signed on 10.11.2017 and the estimated project cost is approx. Rs. 192 crores (including PMC fees).

Model of New State-of-Art Building of Department of Science & Technology at Technology Bhawan, New Mehrauli Road, New Delhi.

Construction site view of New State-of-Art Building of Department of Science & Technology at Technology Bhawan, New Delhi

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After the close of financial year, IrconISL has secured one Project Management Consultancy work for construction of Multi-Model Logistic Park (MMLP) near New Bhaupur on Eastern Dedicated Freight Corridor in Distt. Kanpur, Uttar Pradesh for Container Corporation of India Limited (CONCOR) on 11th June 2018.The estimated cost of the project is approx. Rs. 108.36 crores at PMC fees of Rs. 6.02 crores.

After the close of financial year, your Company has secured a new project of Project Management and replacement of Sleepers MGR System of Stage-1 at NTPC Unchahar, Uttar Pradesh for National Thermal Power Corporation Limited (NTPC) on 26.07.2018. The estimated cost of the project is approx. Rs. 34.19 crores (including PMC fees).

Also, IrconISL has secured PMC work for Powergrid Corporation of India Limited for Construction of toilet blocks under Swachh Vidyalaya Abhiyan in govt schools at Pratapgarh District (U.P) on 22.06.2018. The total cost of the project is Rs. 1.32 crores (including PMC fees).

C. IrconISL is also undertaking the work of "Supply of Manpower" for Malaysia Project of Ircon. As on 31st March 2018, 04 employees are working in Malaysia. IrconISL is also providing manpower supply for Ircon's project in Algeria and has deployed one employee for Algeria project of Ircon. The agreement for which is yet to be signed.

D. Your Company is also undertaking the work of "Leasing of Machinery" to Ircon for its various Projects. Earlier, one Duomatic Machine was provided for Sri Lanka Project of Ircon which was repatriated to India on 30.06.2017 after completion of the agreement with Ircon. After the close of the Financial Year, the Company has deployed the Duomatic Machine to Jayanagar Bardibas Rail Project of Ircon on 28.05.2018.

Duomatic Machine

Apart from this, your Company has 3 old-track machines which have been purchased from Western Railways and Western Central Railway (WCR) and they are placed at Valsad (Gujarat). Efforts are being made by the Company to provide these machines on lease with the third parties.

FINANCIAL HIGHLIGHTS

Important indicators of financial performance of the Company for the year ended 31.03.2018 are given below:

Financial Performance Indicators

(Rs. in crores)

	Particulars	2017-18	2016-17
1.	Authorized Share Capital	65.00	65.00
2.	Subscribed & Paid-up Share Capital	65.00	65.00
3.	Reserves & Surplus	63.35	49.70
4.	Capital Work-in-progress	2.17	2.00
5.	Total Revenue	39.12	47.24
6.	Revenue from Operations	32.36	40.98
7.	Profit before tax	18.11	20.81
8.	Profit after tax	13.65	12.36
9.	Net worth	128.35	114.70
10.	Earnings Per Share (Rs.)	2.10	1.90

Revenue from Operations

The Revenue from operations has decreased from Rs. 40.98 crores to Rs. 32.36 crores. However, Profit after tax has increased from Rs.12.36 crores to Rs.13.65 crores.

Share Capital

There is no change in the Authorized Share Capital of Rs. 65 crores, and Paid-up Share Capital of Rs. 65 crores during the financial year 2017-18, which is 100% held by IRCON.

Unsecured Loan

The Company had not taken any loan during the year from Ircon (holding company). The Opening balance was Rs. 22.92 crores. During the year, the whole outstanding amount of loan along with interest paid/payable on the loan has been repaid.

DIVIDEND

In order to conserve the resources of the Company and to plough back profits for growth of the Company, the Board of Directors do not recommend any dividend on the Equity Shares of the Company for the Financial Year ended 31st March 2018.

TECHNOLOGY UPGRADATION, CONSERVATION OF ENERGY, R&D, ETC.

The focus on environment continued with the same vigor and the targets for the year were achieved fully by incorporating the feasible elements of the green building in the constructed MFCs.

FOREIGN EXCHANGE EARNINGS & OUTGO

Net Foreign Exchange earnings are Rs. 39,81,282 in 2017-18 on account of Manpower supply for Malaysia Projects of Ircon, Leasing of Plant & Machinery for Sri Lanka Project of Ircon and PMC projects in Myanmar.

PERSONNEL DEVELOPMENT

Cordial and harmonious industrial relations prevailed in the Company during the year. As on 31st March 2018, the total manpower strength stood at 56 which included 4 contract employees working for Malaysia project of Ircon and 1 contract employee working for Algeria project of Ircon.

Matters related to Personnel Development of employees on deputation from Ircon, are being taken care of by Ircon, the holding Company.

Those who have been engaged by the Company, and those who are posted on contract for Ircon's Malaysia and Algeria Projects are taken care by the Company.

COMPLIANCES

Presidential Directive

No Presidential Directive was received during the year.

Memorandum of Understanding

Complying with the DPE's MoU guidelines for Central Public-Sector Enterprises (CPSEs), your Company has signed the Memorandum of Understanding with Ircon International Limited, holding company for the year 2017-18 during July 2017. On the same lines, Memorandum of Understanding with Ircon International Limited, holding company for the year 2018-19 was also signed on 07th May 2018.

Particulars of employees

There is no employee who has drawn a remuneration of Rs. 1.02 crores or more per annum or Rs.8.50 lakhs or more per month during the financial year 2017-18 in terms of section 134(3) read with rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

RIGHT TO INFORMATION ACT, 2005

In order to promote transparency and increased accountability, Company has put in place the mechanism for implementation of Right to Information Act, 2005. CPIO / APIO have been nominated to provide the information to the citizen of the country under the Act.

The necessary updated information including names of Appellate Authority, Central Public Information Officer and Assistant Public Information Officer of the Company are posted on the website of the company. Queries received are replied within the stipulated time. During the year, the Company received 17 queries out of which 14 queries have been processed/disposed off and the rest were transferred to the respective authorities to which it pertained. **After the close of the year,** four queries were received out of which two were transferred to the respective authority to which it pertained and the rest were under process for disposal within the allowable time limit.

INFORMATION TECHNOLOGY

The Company has its website on domain http://www.irconisl.com, which provides profile of the Company, Projects, Annual reports, tenders, contact details, etc. During the year, updates were made regarding projects, annual reports, tenders, RTI, contact details, etc. The website also has a link on the holding Company website www.ircon.org.

EXTRACT OF ANNUAL RETURN

In accordance with Section 92 (3) and Section 134(3) (a) of the Companies Act, 2013 read with Rule 12(1) of Companies (Management and Administration) Rules, 2014 an extract of the Annual Return in form no. **MGT-9** forms part of Director's Report and have been appended at **Annexure "A".**

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES U/S 188

All contracts / arrangements / transactions entered by the Company during FY 2017-18 with related parties were either in ordinary course of business and / or at arm's length basis.

The details of contracts or arrangements entered with related parties pursuant to Section 188(1) of Companies Act, 2013 and Rule 8(2) of Companies (Accounts) Rules, 2014 in **Form AOC - 2,** is appended as **Annexure "B".**

INTEGRAL REPORTS

"Report on Corporate Social Responsibility (CSR) Activities","Management Discussion and Analysis Report", "Corporate Governance Report" and "Secretarial Audit Report" forms an integral part of this Directors' Report, and have been placed as **Annexures "C", "D", "E" and "F"respectively.**

"Report on CSR Activities" provides a brief outline of the company's CSR policy, the composition of CSR Committee, average net profit of the Company for the last three financial years, CSR budget, prescribed CSR expenditure, and details of CSR activities / projects undertaken during the financial year 2017-18 etc. **[Annexure-C]**

The **"Management Discussion and Analysis Report"** provides an overview of the affairs of the Company, business environment, mission & objectives, sectoral and segment-wise operational performance, strengths, risks and concerns as well as human resource and internal control system **[Annexure-D].**

The **"Corporate Governance Report"** highlights the Company's philosophy of Corporate Governance, composition of Board of Directors and its Committees, their details including profile of directors who joined the Board during 2017-18, attendance of directors, etc. and other relevant disclosures. **[Annexure-E].** It is supplemented by the following compliance certificates:

1. Certificate signed by CEO and CFO with respect to the truth and fairness of the Financial Statements, due compliances, and financial reporting (placed at **Annexure – E1);** and
2. Certificate of compliance of Corporate Governance provisions signed by practicing company secretary (placed at **Annexure – E2).**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s K.K. Singh & Associates, Practicing Company Secretary, to undertake the Secretarial Audit of the Company for the financial year 2017-18. The **Secretarial Audit Report in Form No. MR-3** received from the auditor is placed at **Annexure- F**. The Secretarial Auditor had observed that the submission of quarterly compliance reports for the year 17-18 was made within the stipulated time except for the quarter ended 30.09.2017 as per DPE Guidelines. On this, Directors state that the same has been taken care off from the next quarter onwards. The Secretarial Auditor had also observed that the board falls below minimum number of directors for a period of eight days due to resignation of two directors as the new directors have been

appointed on the basis of nomination made by the Holding Company. Also, the Company was required to have one-third of its board members as Independent Directors as per DPE Guidelines, 2010. However, it is mentioned that the same has been exempted vide MCA notification dated 05.07.2017 for wholly owned subsidiary companies. Also, it has been observed that all the directors of the Company are nominated by the Holding Company which shall be restricted to maximum of two Directors only as per DPE Guidelines, 2010. On this issue, Directors state that being a wholly owned subsidiary of IRCON (holding company), the appointment of directors on the Board is made by the Holding Company.

There are no adverse comments, or reservation in the **Statutory Auditor's report** given by M/s Kapoor Goyal & Co. on the accounts of the Company.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3) (C) OF THE COMPANIES ACT, 2013

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

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b. such accounting policies had been selected and applied them consistently and such judgments and estimates were made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended on 31st March 2018 and of the profit of the Company for the financial year 2017-18.

c. 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. the annual accounts for the financial year ended on 31st March 2018 have been prepared on a 'going concern' basis;

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

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During April 2017 to March 2018, six meetings of the Board of Directors were held with one meeting in quarter ended June 2017, two meetings in quarter ended September 2017, two meetings in quarter ended December 2017 and one meeting in quarter ended on March 2018.

The details of meetings are furnished in Corporate Governance Report attached in **Annexure-D.**

The details of Directors holding office as on date of this report is as follows:

1	Mr. A.K. Goyal (DIN 05308809)	From 01.12.2013 onwards
2	Mr. Surajit Dutta (DIN 06687032)	From 01.09.2013 onwards
3	Mr. Parag Verma (DIN 05272169)	From 05.04.2018 onwards
4	Mr. M.K. Singh (DIN 06607392)	From 10.04.2018 onwards

The following Directors ceased to hold office during the year 2017-18:

1	Mr. Hitesh Khanna (DIN 02789681)	w.e.f. 28.03.2018
2	Mr. A.K. Gupta (DIN 07263307)	w.e.f. 25.01.2018

Key Managerial Personnel

Pursuant to the provisions of Section 203 of Companies Act 2013, which came into effect from April 1, 2014, Mr. C.K. Nayar, Chief Executive Officer, Mr. Aniket Khetrapal, Chief Financial Officer and Ms. Deepshikha Gupta*, Company Secretary of the Company were appointed as the Key Managerial Personnel of the Company w.e.f. 20.01.2015.

*Ms. Deepshikha Gupta cease to hold office w.e.f. 31st May 2018.

BOARD COMMITTEES

The Company has the following Committees of the Board:

1. Audit Committee
2. Corporate Social Responsibility (CSR) Committee
3. Nomination & Remuneration Committee

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

DEPOSITS

The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year.

AUDITORS

A. Statutory Auditors

Kapoor Goyal & Co, Chartered Accountants, was appointed by the Comptroller and Auditor General of India, as Statutory Auditors, to audit the accounts of the Company for the financial year 2017-18.

B. Secretarial Auditor

The Board of Directors have appointed M/s K.K. Singh & Associates, Practicing Company Secretary, to conduct the Secretarial Audit of the Company for the financial year 2017-18.

C. Internal Auditors

The Board of Directors have appointed M/s Rahul Jain & Associates, Cost & Management Accountants as Internal Auditors to conduct the Internal Audit of the Company for the financial year 2017-18.

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company as at and for the financial year ended 31st March 2018 have been prepared in accordance with the **Indian Accounting Standards (Ind-AS)** notified under section 133 of the Companies Act, 2013 and applicable provisions of Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules 2016.

ACKNOWLEDGEMENT

We record our appreciation and thanks to Ircon International Limited, your holding Company, Ministry of Railways, Rail Land Development Authority (RLDA), Ministry of External Affairs, Ministry of Science and Technology and Haryana Vishwakarma Skill University and other ministries and clients for their support to the Company and also the employees for their efforts to take the Company forward.

For and on behalf of the Board of Directors

Sd/-

(M.K. Singh)
Chairman
(DIN 06607392)

Place: New Delhi
Date: 01.08.2018

Annexure-A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule12(1)of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45400DL2009GOI194792
Registration Date	30th September, 2009
Name of the Company	IRCON INFRASTRUCTURE & SERVICES LIMITED
Category/Sub-Category of the Company	Company Limited by Share
Address of the Registered office and contact details	PLOT NO. C-4, DISTRICT CENTRE, SAKET, NEW DELHI – 110017 Ph. No. 011-29565666
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NOT APPLICABLE

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing10% or more of the total turnover of the Company shall be stated :

Sl.No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	To undertake Planning, Designing, Development, Improvement, Commissioning, Operation, Maintenance, etc. in the field of construction, infrastructure of Multi-Functional Complexes (MFCs), etc. to provide facilities and amenities to users of Indian Railway System.	6810	37.90%
2	Project Management Consultancy Projects	7110	39.63%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ subsidiary/ Associate	% of shares held	Appli-cable section
1	IRCON INTERNATIONAL LIMITED	U45203DL1976GOI008171	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN:

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	6,50,00,000	6,50,00,000	100%	-	6,50,00,000	6,50,00,000	100%	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	-	6,50,00,000	6,50,00,000	100%	-	6,50,00,000	6,50,00,000	100%	-
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	NIL	NIL	NIL	-	NIL	NIL	NIL	-
Total Share holding of Promoter (A)= (A)(1)+(A)(2)	-	**6,50,00,000**	**6,50,00,000**	**100%**	-	**6,50,00,000**	**6,50,00,000**	**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) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	-	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL
(2) Non- Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	-	-	-	-	-	-	-	-

Category of Share holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs1 lakh.	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):	-	NIL	NIL	NIL	-	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	**NIL**	**NIL**	**NIL**	-	**NIL**	**NIL**	**NIL**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	-	**6,50,00,000**	**6,50,00,000**	**100%**	-	**6,50,00,000**	**6,50,00,000**	**100%**	-

ii) Share holding of Promoters

Sl. No.	Shareholder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding 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 and its 6 nominees	**6,50,00,000**	**100%**	-	**6,50,00,000**	**100%**	-	**100%**
	Total	**6,50,00,000**	**100%**	-	**6,50,00,000**	**100%**	-	**100%**

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	No Changes during the year			
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for Increase /Decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	No Changes during the year			
At the End of the year	No Changes during the year			

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

For Each of the Top10 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
At the beginning of the year			NIL	
Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for Increase /Decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):				
At the End of the year (or on the date of separation, if separated during the year)				

v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	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
At the beginning of the year			NIL	
Date wise Increase or Decrease during the year specifying the reasons for Increase / Decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
At the end of the year				

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(In crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebted-ness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	22.92	-	22.92
ii) Interest due but not paid	-	NIL	-	NIL
iii) Interest accrued but not due	-	NIL	-	NIL
Total (i + ii + iii)	-	22.92	-	22.92
Change in Indebtedness during the financial year				
- Addition	-	NIL	-	NIL
- Reduction	-	(22.92)	-	(22.92)
Net Change	-	(22.92)	-	(22.92)
Indebtedness at the end of the financial year				
i) Principal Amount	-	NIL	-	NIL
ii) Interest due but not paid	-	NIL	-	NIL
iii) Interest accrued but not due	-	NIL	-	NIL
Total (i + ii + iii)	-	NIL	-	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager*:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager (throughout 2017-18)				Total Amount
1.	Gross salary					
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961			NOT APPLICABLE		
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			NOT APPLICABLE		
	- others, specify					
5	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

***IrconISL has 4 Part-time Directors, 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.**

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	-	-	-
a	Fee for attending board/ committee meetings			
b	Commission			
c	Others (please specify)			
	Total (B1)	-	-	-
2	Other Non-executive Directors	-	-	-
a	Fee for attending board/ committee meetings			
b	Commission		NOT APPLICABLE	
c	Others (please specify)			
	Total (B2)	-	-	-
	Total [B= B1 + B2]	-	-	-
	Total Managerial Remuneration [A + B]	-	-	-
	Overall ceiling as per the Act	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/ Manager/WTD

Sl. No.	Particulars of Remuneration	Name of Company Secretary (KMP)			Total Amount
		CEO	CFO	Company Secretary	
1. a)	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	38,06,479	13,15,911	5,01,567	
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	NIL	NIL	NIL	
2	Stock option	NIL	NIL	NIL	
3	Sweat Equity	NIL	NIL	NIL	
4	Commission - as % of profit - others, specify	NIL	NIL	NIL	
5.	Others, please specify				
	a) Other Retirement Benefits	9,50,911	3,59,899	29,724	
	b) Performance Linked Incentive	13,43,412	3,42,396	-	
	c) Other Benefits	2,77,628	73,541	2,58,025	
	Total (A)	**63,78,430**	**20,91,747**	**7,89,316**	
	Ceiling as per the Act				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : 01.08.2018

Sd/-
(M.K. Singh)
Chairman
(DIN 06607392)

Annexure -B

FORM NO. AOC-2

Form for Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in section 188 (1) of the Companies Act, 2013, including certain arms-length transactions under third proviso thereto for the financial year 2017-18 (for the period 1st April 2017 to 31st March 2018).

Details of contracts or arrangements or transactions not at arm's length basis : NIL

Details of material contracts or arrangements or transactions at arm's length basis :

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
1	**IRCON INTERNATIONAL LIMITED** Holding Company	Office space provided by holding company, Ircon (Renewal of Lease Agreement)	Lease agreement dated 17th August 2017. Duration: 2 years from 1st April 2017.	Office space provided on lease for a period of 2 years from 01.04.2017. Rs. 1,34,238.60 p.m. (plus taxes as applicable) charged as rent from 1st April 2017 onwards.	Not Applicable	NIL

Note: The above said transaction has been approved by the Audit Committee of IrconISL

Place : New Delhi
Date : 01.08.2018

For and on behalf of the Board of Directors

Sd/-
(M.K. Singh)
Chairman
(DIN 06607392)

Annexure-C

REPORT ON CORPORATE SOCIAL RESPONSIBILTY (CSR) ACTIVITIES

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **A brief outline of the Company's CSR Policy, including overview of projects or programs undertaken and its web-link:**

   Your Company is committed to its stakeholders to conduct its business in an economically, socially, and environmentally sustainable manner, that is transparent and ethical. The Company is having a policy on CSR since 2014. The CSR Policy outlining the thrust areas of development viz. Education, Literacy, and Environment Sustainability & Health as approved by the Board of Directors is available on the Company's website at http://www.irconisl.com.

   The object of the CSR Policy is to establish relevance of potential CSR activities to IrconISL's core business and create an overview of activities to be undertaken, in line with Schedule VII of the Companies Act, 2013 with special emphasis on the following two basic areas in and around Delhi and NCR Region.

   During the financial year 2017-18, IrconISL has undertaken CSR activities in the field of sanitation by providing supply and distribution of water coolers and water purifiers to the Govt. Schools of MCD, South Delhi.

2. **Composition of CSR Committee:**

   Presently your Company has a Board Level Committee for monitoring the CSR activities / projects. A brief background on the constitution of Committee during the year 2017-18, its mandate, along with details of meetings held during 2017-18 are given in para 6.2 of the Corporate Governance Report. Presently, the Committee is headed by Mr. A.K. Goyal, Part-time Director as Chairman; with Mr. Surajit Dutta, Part-time Director; and Mr. Parag Verma, Part-time Director as members.

3. **The average net profit of the Company from Indian projects in the last three financial years i.e. 2014-15, 2015-16 and 2016-17 is Rs. 615.4 lakhs.**

4. **The CSR Budget for the financial year 2017-18 has been Rs. 12.31 lakhs which is 2% of the average net profit of the Company from Indian projects in the last three financial years.**

5. **During the year 2017-18, the Company has spent Rs. 12.56 lakhs on CSR activities. Thus, the unspent amount for the year 2017-18 is 'NIL' and there is no carry forward to the next financial year 2018-19. In addition, there was no carry forward from previous year i.e. 2016-17. (Refer Note No. 50 of Financial Statements).**

Details of the projects undertaken during the year are as under:

Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered	Location/area of the project	Amount outlay (budget) (In Lacs)	Amount Spent (In Lacs)	Implementing Direct or through Implementing Agency
1.	Supply and Distribution of Water Coolers and Water Purifiers to Govt. Schools, South Delhi	SANITATION	GOVERNMENT SCHOOLS OF SOUTH DELHI	12.31	12.56	DIRECT

6. **The BoD, in its 42nd meeting, dated 05.03.2018 vide item no. 04/18 had approved CSR Budget, for the financial year 2017-18, of Rs. 12.31 lakhs which is 2% of the average net profit from Indian projects in the last three financial years i.e. 2014-15, 2015-16 and 2016-17.**

7. **The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.**

For and on behalf of the Board of Directors

Sd/-
(M.K. Singh)
Chairman
(DIN 06607392)

Place: New Delhi
Date: 01.08.2018

Annexure-D

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW

Ircon Infrastructure & Services Limited (IrconISL) was incorporated on 30th September 2009 as a wholly owned subsidiary of Ircon International Limited (IRCON, a Schedule 'A', Mini Ratna - category I Company under the Ministry of Railways) as an outcome of MoU by the Holding Company with RLDA for "Planning, Design, Development, Operation and Maintenance of Multi-Functional Complexes (MFC's) on Indian Railways Land" to provide facilities and amenities to users of Indian Railway System. The physical work of construction (warm shells) was taken up on 24 stations. The Company has successfully sub-leased 23 MFCs to third parties.

The above objectives were limited for further growth of the Company and therefore the Company diversified its Business in various other sectors and hence objectives were amended accordingly.

BUSINESS ENVIRONMENT

During the period, the implementation of the Goods and Services Tax (GST) and other structural reforms have taken the Indian economy to grow at an impressive rate of 7.3 percent in current fiscal as compared to the previous year of 6.5 percent. Asserting the Indian Economy turned in a resilient performance in 2017-18, the country's growth is expected to accelerate next fiscal. GDP Growth in 2018-19 could get a boost from prospects of good monsoon, potentially brightening in the structural reforms.

The Economic growth measure in Gross Value Added (GVA) terms rose 6.5 percent in financial year 2017-18, slower than 7.1 percent in the previous fiscal.

The Company is looking for opportunities in the following areas-:

- Preparation of Detailed Project Reports for projects of Government of India.
- Project Management Consultancy (PMC) for various private / government agencies.
- Real estate projects on Build-Operate-Transfer (BOT) basis.
- Environmental Impact Assessment (EIA) and Environment Management Plan (EMP) studies for projects.
- Corporate Social Responsibility (CSR) Projects of Public Sector Undertakings.

OUTLOOK

The Vision/Mission of the Company as approved by the Board of Directors of the Company are: -

Vision / Mission

To be recognised as a specialised Infrastructure developer and establish itself as a renowned service provider for all areas of Infrastructure Projects with special emphasis on Environment, Quality, and Safety.

The objectives of the Company as mentioned in Corporate Plan are:

Objectives

i) To achieve a turnover of Rs.100 crores with an operational profit of Rs.10 crores by the end of FY 2020-21.

ii) To provide infrastructure Project Management Consultancy services in India and abroad.

FINANCIAL PERFORMANCE

The Company has recorded operating revenue of Rs.32.36 crores during the year 2017-18. The Profit before tax was Rs.18.11 crores and Profit After Tax was Rs.13.65 crores during the year. The net worth of your Company as on 31st March 2018 stood at Rs.128.35 crores.

OPERATIONAL PERFORMANCE

IrconISL has successfully sub-leased 23 MFCs to third parties.The MFC at Tarapith is considered financially unviable and returned to RLDA. Out of these 23 sub-leased MFCs, the company has terminated the sub-lease agreements at Kannur, Madurai, Hyderabad, Mysore, Rampurhat, Rajgir, and Thiruvalla due to non-payment of lease-rent by sub-lessee.

Your Company has successfully completed a consultancy project awarded by Government of Myanmar for preparation of detailed project report for Maungtaw-Alethenkyaw Road project in Rakhine State of Myanmar. The final DPR was submitted on 28.02.2018.

IrconISL is providing Project Management Consultancy services to Ministry of External Affairs (MEA) for Construction of 69 Bridges including Approach Road on Tamu-Kyigone-Kalewa (TKK) section of the Trilateral Highway in Myanmar having construction cost of Rs. 293.93 crores. Also, IrconISL is providing Project Management Consultancy services to Ministry of External Affairs (MEA) for Construction of Two Lane Road on NH Specifications from Paletwa to India-Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar having construction cost of Rs. 1518 crores.

Your Company has been appointed as the PMC for construction of Multi Model Logistic Parks (MMLP) at Paradip, Odisha and near Bhaupur on dedicated freight corridor at Kanpur, Uttar Pradesh. The estimated value of the project is approx. Rs 66.88 Crores at PMC Fees of Rs. 3.72 Crores and Rs. 108.36 crores at PMC fees of Rs. 6.02 crores respectively. Also, IrconISL has been awarded the PMC work for Construction of Phase-A Works at JNV, Sabarkantha (Gujarat) and Agarmalwa (M.P).

IrconISL has secured a Consultancy Project for establishment of Haryana Vishwakarma Skill University at Palwal, Haryana on 22.01.2018. The estimated value of the project is approx. Rs. 425 crores (including PMC fees). IrconISL has also secured PMC work for Construction of new State-of-Art Building of Department of Science & Technology at Technology Bhawan, New Delhi on 16.10.2017. The estimated value of the project is Rs. 192 crores (including PMC fees).

Your Company is also undertaking the work of 'Supply of Manpower for Ircon's project in Malaysia and Algeria. Manpower supply for Sri Lanka Project of Ircon has been demobilized and the Sri Lanka branch of IrconISL is in the process of winding up.

SECTORAL PERFORMANCE

During the year 2017-18, there are four sectors of revenue namely Consultancy, Supply of Manpower, Sub- Leasing of MFCs and Others (Execution of CSR & Swachh Bharat Abhiyaan Projects). Consultancy projects accounted for major portion of 47.90% of total operating income for the year 2017-18. The table below shows the share of income from different sectors and its percentage contribution to total income.

(Rs. in crores)

Sectors	2017-18		2016-17		2015-16	
	Operating Income	%	Operating Income	%	Operating Income	%
Consultancy	15.50	47.90	18.39	44.88	5.11	6.90
Supply of Manpower	0.48	1.48	2.19	5.34	6.42	8.67
Sub- Leasing of MFCs	14.83	45.83	13.66	33.33	14.75	19.92
Leasing of Plant & Machinery	-	-	1.69	4.12	6.62	8.94
Others Operating revenue from Execution of CSR & Swachh Bharat Abhiyaan Projects	1.55	4.79	5.05	12.32	41.14	55.57
Total	**32.36**		**40.98**		**74.04**	

SEGMENT-WISE PERFORMANCE

Foreign projects contributed 41.58% to total operating income and domestic projects contributed 58.42% to total operating income during the year 2017-18.

(Rs. in crores)

Sectors	2017-18		2016-17		2015-16	
	Total Income	%	Total Income	%	Total Income	%
Foreign	13.45	41.56	19.01	46.39	13.04	17.61
Domestic	18.91	58.44	21.97	53.61	61.00	82.39
Total	**32.36**		**40.98**		**74.04**	

STRENGTHS

The biggest strength of the Company is that it is a wholly owned subsidiary of Ircon, having a long standing reputation in construction sector. The Company can take the advantage of holding Company's expertise to undertake various projects.

RISKS AND CONCERNS

With the completion of MFCs construction progressively, the work of leasing of MFCs are being taken up which is very much area specific and market dependant. Although, in-depth study for market potential has been carried out by independent renowned consultant but the risk of collection of revenue still exists.

INTERNAL CONTROL SYSTEM

Your Company has appointed M/s Rahul Jain & Associates, Cost & Management Accountants as Internal Auditors for the financial year 2017-18. Internal Auditors conduct audit of the Company to test the adequacy of the internal systems and suggest continual improvements. Internal Audit reports are reviewed by the Audit Committee of the Company.

HUMAN RESOURCE

The employees of IrconISL is a combination of those who have been appointed by the Company and are posted on contract at Corporate Office and for Malaysia and Algeria Projects of Ircon, and the employees who are on secondment basis from Ircon. Considering the long term growth prospects, your Company is planning to enhance the core manpower resources by way of its own cadre development.

For and on behalf of the Board of Directors

Sd/-
(M.K. Singh)
Chairman
(DIN 06607392)

Place: New Delhi
Date : 01.08.2018

Annexure-E

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

Corporate Governance is a set of systems and practices for the ethical conduct of business of the company. It ensures accountability, transparency, equity and commitment to values to meet its stakeholder's aspirations. It is the constant endeavor of the Company to adopt and maintain the highest standards of ethics in all spheres of business activities.

2. Governance Structure

The company is managed by the Board of Directors, which formulates strategies, policies, and reviews performance periodically.

Board of holding company also reviews the performance of the Company. Minutes of the Board meetings, statement of all significant transactions and arrangements entered into by the Company and unaudited quarterly and half yearly results are placed for consideration before the Audit Committee / Board Meeting of the holding company.

Apart from four part-time Directors on the Board of IrconISL, the holding company has nominated a Chief Executive Officer, below the board level, for management of day to day affairs of the Company.

3. Board of Directors

3.1 Composition of Board of Directors

As per Articles of Association (AOA) (Article 48) of the Company, the number of Directors shall not be less than three and not more than twelve. As per AOA (Article 49), the holding company appoints the Chairman and all the Directors.

Present strength of the Board of Directors is four comprising of part-time directors including part-time chairman nominated by the holding company.

3.2 The details of directors as on the date of this report are given below:

BOARD OF DIRECTORS (As on the date of this report)				
Directors	**Whole-time / part-time / Independent**	**Directorships held in Companies/Body Corporates (excluding IrconISL)**	**Total No. of Committee memberships held (including IrconISL)**	
			As Chairman	**As Member other than Chairman**
Mr. M.K. Singh (DIN 06607392) (w.e.f. 10.04.2018)	Part-time Chairman	3 [IRCON, IRSDC, JCRL]	1	4
Mr. A.K. Goyal (DIN 05308809)	Part-time Director	5 [IrconPBTL, IrconSGTL, ISTPL, IrconDHHL, IrconVKEL]]	5	4
Mr. Surajit Dutta (DIN 06687032)	Part-time Director	NIL	1	2
Mr. Parag Verma (DIN 05272169) (w.e.f. 05.04.2018)	Part-time Director	1 [IRSDC]	NIL	4

Notes:

1. The number of Directorships is within the maximum limit of:
   -20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.
2. Directors are not related to each other.
3. Directors do not have any pecuniary relationships or transactions with the company.
4. The Directorships / Committee memberships are based on the latest disclosure received from Directors.
5. Committee memberships of Audit Committees, Shareholders' / Investors' Grievance Committees and CSR & Sustainable Development Committee of all Public Limited Companies have been considered.
6. 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 CG Guidelines). Only Audit Committee and Shareholders' / Investors' Grievance Committee are to be counted for the said limit.
7. Full names of companies referred:
   a) IRCON – Ircon International Limited
   b) IrconPBTL – Ircon PB Tollway Limited.
   c) IrconSGTL – Ircon Shivpuri Guna Tollway Limited.
   d) ISTPL – Ircon-Soma Tollway Private Limited
   e) IrconDHHL - Ircon Davanagere Haveri Highway Limited
   f) IrconVKEL – Ircon Vadodara Kim Expressway Limited
   g) IRSDC – Indian Railway Stations Development Corporation Limited
   h) JCRL - Jharkhand Central Railway Limited

4. Disclosures about Directors

As per the disclosures made by the directors in terms of section 184 of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, no relationship exists between directors inter-se.The Directors of the Company are appointed/nominated by the holding company in terms of Article 49 of the Articles of Association of the Company.

5. Remuneration of Directors

Part-time directors, 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.

6. Board Meetings and Attendance during 2017-18

The Board of Directors met 6 times during the financial year 2017-18 on 15th May 2017, 08th August 2017, 04th September 2017, 06th November 2017, 13th December 2017 and 05th March 2018.

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

Details of attendance of the Directors during the year 2017-18 are given below: -

Director	No. of Board Meetings during 2017-18		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
Hitesh Khanna (Ceased to be Director as on 28th March 2018)	6	6	YES
A.K. Gupta (Ceased to be Director as on 25th January 2018)	5	5	YES
Surajit Dutta	6	6	YES
A.K. Goyal	6	4	YES

7. COMMITTEES OF BOARD OF DIRECTORS

7.1 Audit Committee

7.1.1 Terms of Reference

The Paid-up Share Capital of the Company has been increased from Rs.4.90 crores to Rs 40 crores (w.e.f. 28.03.2013) during the financial year 2012-13, which is 100% held by IRCON. Consequently, in compliance of section 292A of Companies Act, 1956, the Board of Directors constituted the Audit Committee at its meeting held on 5th July 2013. The Terms of Reference of the Audit Committee as given in DPE Guidelines on Corporate Governance, Chapter -4,Para 4.2 to Para 4.5 was adopted by the Board of Directors. In brief, they include the following core areas:

1) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2) Reviewing, with the management, the annual financial statements before they are approved by the Board of Directors. In particular: -
   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of sub-section 5 of section 134 of the Companies Act, 2013;
   b. Changes, if any, in accounting policies and practices and reasons for the same;
   c. Major accounting entries involving estimates based on the exercise of judgment by management;
   d. Significant adjustments made in the financial statements arising out of audit findings;
   e. Compliance with legal requirements relating to financial statements;
   f. Disclosure of any related party transactions; and
   g. Qualifications in the draft audit report.
3) Reviewing, with the management, the quarterly financial statements before they are approved by the Board of Directors.
4) Management discussion and analysis of financial condition and results of operations.
5) Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.
6) Discussion with auditors – both internal and statutory auditors – to address significant issues and follow up thereon.
7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
8) Recommending to the Board the fixation of audit fees.
9) Reviewing the appointment, reappointment, remuneration, and removal, etc. of internal auditor.
10) Reviewing the Certification/declaration of financial statements by the Chief Executive Officer/Chief Financial Officer.

7.1.2 Audit Committee – Composition and Attendance:

The Audit Committee of the Board, consisting of three part-time Directors of the Company, was originally constituted on 05.07.2013 with the approval of Board of Directors adopting the terms of reference as given in DPE Guidelines on Corporate Governance dated 14th May 2010, para 4.2 to para 4.5. This has been reconstituted on as and when there has been a change in part-time directors nominated by holding company. Accordingly, the Committee was re-constituted on 26.04.2018 by a note circulated to all the Board members which was further confirmed in 43rd BoD meeting held on 30th May 2018.

The present composition of the committee is:

Mr.Surajit Dutta	--	Part-time Director as Chairman
Mr. A.K. Goyal	--	Part-time Director as Member
Mr. Parag Verma	--	Part-time Director as Member

The Audit Committee met 6 times during financial year 2017-18 on 15th May 2017, 08th August 2017, 04th September 2017, 06th November 2017, 13th December 2017 and 05th March 2018.

The attendance details are:

Member	Status	Meetings held (during their respective tenures)	Meetings attended
Surajit Dutta (throughout 2017-18)	Chairman	6	6
A. K. Goyal (throughout 2017-18)	Member	6	4
A.K. Gupta (Ceased to be Director w.ef. 25th January 2018)	Member	5	5

7.2 Corporate Social Responsibility (CSR) Committee

As per section 135 of Companies Act 2013, every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee (CSR) of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Further, as per DPE Guidelines on Corporate Social Responsibility and Sustainability for Central Public-Sector Enterprise issued vide DPE OM dated 12th April 2013, it is stated that each CPSE shall have a Board level committee headed by either the Chairman, or an Independent Director to oversee the implementation of the CSR and Sustainability policies of the Company.

An integrated Board of Directors Committee for CSR has been constituted on 13th June 2014 by a note circulated to all Board members, which was further confirmed in 22nd Board of Directors meeting held on 26th June 2014, to oversee the implementation of the CSR Policy of the Company and to assist the Board of Directors to formulate suitable policies and strategies to take the CSR agenda of the Company forward in the desired direction.

The Committee was re-constituted on 26.04.2018 by a note circulated to all the Board members which was further confirmed in 43rd BoD meeting held on 30th May 2018. The present composition of the committee is:

Mr. A.K. Goyal -- Part-time Director as Chairman

Mr. Surajit Dutta -- Part-time Director as Member

Mr. Parag Verma -- Part-time Director as Member

No meeting of Committee has been held during the year 2017-18.

7.3 Nomination and Remuneration Committee

As per section 178 of Companies Act 2013, read with rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014, provides for constitution of Nomination and Remuneration Committee in all public companies with a paid-up capital of Rs. 10 crores or more, or having turnover of Rs. 100 crores or more, or having in aggregate, outstanding loans or borrowings or debentures or deposits exceeding Rs. 50 crores or more. The Committee shall consist of three or more non-executive directors out of which not less than one half shall be independent directors.

Further, as per DPE Guidelines on Remuneration Committee for Central Public-Sector Enterprise issued vide DPE OM dated 14th May 2010, it is stated that each CPSE shall constitute a Remuneration Committee comprising at least three directors, all of whom should be part-time Directors (i.e. Nominee or Independent Directors), and that the Committee should be headed by an independent director.

Terms of Reference

a. To decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the limits prescribed in the DPE OM dated 26th November 2008.

b. To frame and review the policies for identification/selection of persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.

c. To decide the level and remuneration with respect to senior management and other employees.

d. To review consider and recommend HR policy(ies) with respect to senior management and other employees.

e. Any other work as may be included by Companies Act or DPE from time to time.

The Company has constituted a Nomination and Remuneration Committee on 28th August 2015 pursuant to section 178 of the Companies Act 2013 and para 5.1 of the DPE CG Guidelines, 2010.

The Committee was re-constituted on 26.04.2018 by a note circulated to all the Board members which was further confirmed in 43rd BoD meeting held on 30th May 2018.

The present composition of the committee is:

(i) Mr. A. K. Goyal -- Part-time Director as Chairman

(ii) Mr. Surajit Dutta -- Part-time Director as Member

(iii) Mr. Parag Verma -- Part-time Director as Member

No meeting of committee has been held during the year 2017-18.

8. General Body Meetings

8.1 Annual General Meeting

A. The last 3 (three) Annual General Meetings were held as under:

AGM No.	Financial Year	Date of holding meeting	Time	Location
8th	2016-17	25th September 2017	1600 hrs	Company's Registered Office, Delhi
7th	2015-16	27th September 2016	1500 hrs	Company's Registered Office, Delhi
6th	2014-15	21st September 2015	1400 hrs	Company's Registered Office, Delhi

No special resolution was required or passed in the last three Annual General Meetings (from 2014-15 to 2016-17)

8.2 Extra-Ordinary General Meeting

A. The last 3 (three) Extra-Ordinary General Meetings were held as under:

EGM No.	During the Financial Year	Date of holding meeting	Time	Location
4th	2014-15	20th February 2015	1700 hrs	Company's Registered Office, Delhi
3rd	2012-13	22nd January 2013	1430 hrs	Company's Registered Office, Delhi
2nd	2011-12	12th March 2012	1430 hrs	Company's Registered Office, Delhi

B. Special Resolution:

(a) <u>4th Extra-Ordinary General Meeting held on 20th February 2015</u>

Alteration in Memorandum of Association & Articles of Association of the Company for increase in the Authorized Share Capital from ₹ 40 crores to ₹ 65 crores.

(b) <u>3rd Extra-Ordinary General Meeting held on 22nd January 2013</u>

(i) Alteration in Articles of Association of the Company for increase in the Authorized Share Capital from Rs.10 crores to Rs.40 crores.

(ii) Conversion of part of the loan to the extent of Rs. 35,10,00,000/- taken by the Company from Ircon International Limited (holding company) into fully paid-up equity shares comprising of 3,51,00,000 equity shares of Rs.10 each.

(c) 2nd Extra-Ordinary General Meeting held on 12th March 2012

Alteration in Memorandum of Association by inserting new sub-clauses in the Object Clause III A (Main Objects).

9. Disclosures

9.1 During the year, there was no transaction of material nature with the directors or their relative that had potential conflict with the interest of the Company. Attention of the members is drawn to the disclosure of transactions with the related parties set out in Note no. 47 to the Financial Statements.

9.2 During 2017-18, there are no items of expenditure debited in books of accounts, other than for the business purposes of the Company. Also, no expenses have been incurred by the Company which are personal in nature for the Directors and Top Management except for the remuneration paid to Key Executives, which is as per Government approved pay and perks (Details disclosed in Note no.47 forming part of the Financial Statements).

9.3 Administrative and office expenses as a percentage of total expenses vis-a-vis financial expenses are given below:

(Rs. in crores)

Particulars	2017-18	2016-17	Remarks
Administrative & other expenses	2.84	3.79	NIL
Bank & Other Finance Charges	1.19	2.63	Interest on Loan.
Total Expenses	21.01	26.43	NIL
Administration & other expenses/Total expenses (in %)	13.52%	14.34%	NIL
Bank & Financial Charges/Total expenses (in %)	5.66%	9.95%	

9.4 The Company periodically informs the Board about the risks associated with its projects in risky areas and foreign exchange management. Details pertaining to risk management have been given in Management Analysis Report under the heading 'Risks and Concerns'.

9.5 Question of denying access to any of the personnel to Audit Committee has not arisen so far.

9.6 The entire Equity Share Capital of the Company i.e. Rs 65,00,00,000 is held by Ircon International Limited, Holding Company.

9.7 There has been no instance of non-compliance of any statutory regulation or government guidelines nor there has been any penalties or strictures imposed on the Company on any matter related to the capital market and guidelines issued by government.

9.8 IrconISL has secured, based on self-evaluation, an annual score of **'95'** out of 100 which falls under 'Excellent' grade for compliance of DPE Corporate Governance Guidelines for the year 2017-18.

9.9 The transactions with related party are in the ordinary course of business on arms' length basis and the disclosure of the same has been made as per requirement of relevant accounting standard in notes to Financial Statement of the Company.

9.10 The Company has systems in place for monitoring statutory and procedural compliances. The Board is reported the status of the same so as to ensure proper compliances of all laws applicable to the Company.

10. CEO/CFO CERTIFICATION

The Chief Executive Officer and Chief Financial 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 Audit Committee and the Board of Directors (placed as **Annexure – "E-1"** to this Report).

11. GENERAL INFORMATION FOR SHAREHOLDERS

- **Means of communication**

  The Annual Report including the audited financial statements for the year 2017-18 of IrconISL are available on the website of the Company www.irconisl.com and at the Registered Office of the company.

- **Annual General Meeting of the Current Year**

  Date : 25/09/2018

  Time : 11.00 Hours

  Venue : Board Room of the Company's Registered Office - C-4, District Centre, Saket, New Delhi – 110 017

- **Category Wise Shareholding Pattern (As on the date of this report)**

Category	No. of Shares held in physical form (Rs.10/- each)	% of Shares Held
Promoters (Ircon International Limited and its six nominees)	6,50,00,000	100%
Total	6,50,00,000	100%

  Transfer of shares is normally technical in nature, from one nominee shareholder to another consequent upon change of officials by the Holding company as it holds 100% of the shares. To effect this transfer, CEO is the authorized officer, and no transfer is pending.

- **Address for Correspondence:**

  The address of registered office of the company is:

  Ircon Infrastructure & Services Limited

  Plot No. C-4, District Centre,

  Saket, New Delhi – 110 017

  Contact No. : 29565666

  Fax No. : 26854000

  E-Mail Id : info@irconisl.com

  Website : www.irconisl.com

12. Compliance on Corporate Governance

This Report duly complies with the legal requirements in respect of data that should be disclosed in a corporate governance report for the year 2017-18.

Certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance is placed as **Annexure "E-2"** to this report.

For and on behalf of the Board of Directors

Sd/-
(M.K. Singh)
Chairman
(DIN 06607392)

Place: New Delhi
Date: 01.08.2018

Annexure – "E-1"

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER 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 statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

(iii) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal, or violative of the Company's code of conduct;

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

(v) we have indicated to Auditors and the Audit Committee changes in Accounting Policies during the year, and that the same have been disclosed in the Notes to the Financial Statements; and

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

Sd/-
Mr. Aniket Khetrapal
Chief Financial Officer (CFO)

Sd/-
Mr. C.K. Nayar
Chief Executive Officer (CEO)

Place: New Delhi
Dated: 01.08.2018

Annexure – "E-2"

M.BANGIA & ASSOCIATES
Company Secretaries

B-152, Dayanand Colony, Lajpat
Nagar-IV, New Delhi – 110 024
Tel : 011-4162 5462
Mobile : 98734-26246
E-mail: manojbangia.mb@gmail.com

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE GUIDELINES OF DPE

To
The Members of
Ircon Infrastructure & Services Limited
New Delhi

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2018, by Ircon Infrastructure & Services Limited, a Government Company under section 2 (45) of the Companies Act, 2013 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 a 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 that 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 explanations 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).

FOR M.BANGIA & ASSOCIATES
COMPANY SECRETARIES

Sd/-
MANOJ BANGIA
Proprietor
CP NO. 3655

Place: NEW DELHI
Dated: 01.08.2018

Annexure – F

CS K. K. SINGH & ASSOCIATES
COMPANY SECRETARIES

Head Office
384P, Sector-40, Gurgaon-122003 Haryana, India
Ph. : +91-124-4370002, Fax: +91-124-4370002
Mob. : 9268567252-54
Email : admin@kksinghassociates.com
kksinghassociates@gmail.com
Website: www.kksinghassociates.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

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

To,

The Members,
Ircon Infrastructure & Services Limited,
Plot No. C-4, District Centre, Saket,
New Delhi- 110017.

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

Based on our verification of the **Ircon Infrastructure & Services Limited's** books, papers, minute books, forms, returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, returns filed and other records maintained by **Ircon Infrastructure & Services Limited ("The Company")** for the financial year ended on 31st March, 2018, according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made thereunder;

II. The Securities Contract (Regulation) Act, 1956 (SCRA) and Rules made thereunder;(N.A. during the period under the review)

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;(N.A. during the period under the review)

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (N.A. during the period under the review)

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

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (N.A. during the period under the review)

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992;(N.A. during the period under the review)

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (N.A. during the period under the review).

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (N.A. during the period under the review)

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (N.A. during the period under the review)

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (N.A. during the period under the review)

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (N.A. during the period under the review) and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (N.A. during the period under the review).

VI. Being a Central Public Sector Enterprises and a wholly owned subsidiary of M/s. Ircon International Limited (IRCON, a Schedule 'A', Mini Ratna – category I Company under the Ministry of Railway), we have examined and verified the compliance under other specifically applicable Acts, Laws and Regulations to the Company, namely as follows:

a) DPE Guidelines on Corporate Governance dated 14th May, 2010.

b) Respective Labour Laws to the extent applicable.

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

I. Secretarial Standards issued by The Institute of Company Secretaries of India.

II. The listing agreement entered into by the company with the Stock Exchanges, if applicable. (Being non listed company during the period under the review, it's not applicable).

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to us the Company has satisfactorily complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations *i.e. the preparation of Code of Conduct for Directors as required under DPE Guidelines, 2010 is under process. The quarterly compliance report during the year under review were submitted on 13.07.2017, 14.11.2017, 15.01.2018 & 10.04.2018 respectively as required under DPE Guidelines, 2010.*

We further report that:

The Board of Directors (BoD) of the Company is duly constituted with proper balance of Executive Director and Non Executive Directors subject to the observation mentioned below. During the period under review, there were changes in the composition of Board of Directors as two Directors have been resigned from the office of Directorship as a result of which *the Board falls below the minimum number of Directors for a period of 8 days. However, the new Directors have been appointed w.e.f. 05.04.2018 and 10.04.2018 respectively on the basis of nomination made by its Holding Company. All four Directors of the Company are nominated by its holding company who is non executive Directors whereas as per clause 3.1.3 of the DPE Guidelines, 2010, the Nominee Directors shall be restricted maximum of two Directors only. During the year of report, the company was required to have 1/3rd Independent Directors of Board Members as per DPE Guidelines, 2010, which was not complied with. The requirement of having Independent Directors under the Act, have been exempted vide MCA notification*

dated 05.07.2017 for wholly owned subsidiary companies.

Adequate notice is given to all Directors to schedule the Board Meetings including Committees thereof, along with agenda and detailed notes on agenda at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting by the directors.

Decisions at the Board Meetings, as represented by the management, were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was no other event/action having major bearing on the Company's affairs.

We further report that during the year under report, the Company has not been exposed to any of the following instances.

I. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.

II. Redemption / buy-back of securities.

III. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.

IV. Merger / amalgamation / reconstruction, etc.

V. Foreign technical collaborations

*This report is to be read with our letter of even date which is annexed as 'Annexure A' and it form an integral part of this report.

For K. K. Singh & Associates
Company Secretaries

Sd/-
CS Richa Singh
Partner
ACS No.: 44237,
CP No. : 16640

Date: 01.08.2018
Place: Gurugram

ANNEXURE-A

To,
The Members,
M/s Ircon Infrastructure & Services Limited.
Plot No. C-4, District Centre, Saket,
New Delhi- 110017.

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our finding /audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which gives a true and fair view of the state of the affairs of the Company.
4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws including Service Tax or GST as the case may be, and not gone into that.
5. Wherever required, we have relied on the Management representation and obtained the same about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

For K. K. Singh & Associates
Company Secretaries

CS Richa Singh
Partner
FCS No.: 44237
CP No. : 16640

Date: 01.08.2018
Place: Gurugram

Financial Statements (2017-18)

Financial Highlights of IrconISL for the Year ended 31st March 2018

(INR in Lakhs)

PARTICULARS	2017-18	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
Operating Income	3,235.51	4,098.22	7,404.72	3,638.76	3,107.51	1,257.52
Other Income	676.33	625.51	782.65	512.33	91.20	24.27
Total Income (1+2)	**3,911.85**	**4,723.73**	**8,187.37**	**4,151.08**	**3,198.72**	**1,281.79**
Expenditure	2,101.22	2,643.20	5,926.33	2,122.32	1,858.17	1,002.64
Operating Margin (PBDIT)	2,347.13	2,705.60	2,956.62	2,836.59	1,893.04	279.15
Interest Expenses	119.17	263.39	391.09	560.60	485.90	-
Depreciation	417.33	361.68	304.49	247.23	66.59	0.02
Profit Before Tax	**1,810.63**	**2,080.53**	**2,261.04**	**2,028.77**	**1,340.55**	**279.15**
Profit After Tax	**1,365.38**	**1,236.28**	**1,422.28**	**1,092.60**	**766.04**	**191.53**
Reserves & Surplus	6,335.29	4,969.91	3,733.64	4,811.36	1,218.76	452.72
Long Term borrowings	-	1,834.00	2,521.00	3,150.00	4,815.40	3,400.72
Share Capital	6,500.00	6,500.00	6,500.00	4,000.00	4,000.00	4,000.00
Net Worth	**12,835.29**	**11,469.91**	**10,233.64**	**8,811.36**	**5,218.76**	**4,452.72**

(CIN - U45400DL2009GOI194792)

BALANCE SHEET

as at 31st March 2018

(Figures in Rs.)

	Particulars	Note No.	As at 31st March 2018		As at 31st March 2017	
I.	**ASSETS**					
1	**Non-current assets**					
	(a) Property, Plant and equipment	3	7,06,35,076		8,52,45,008	
	(b) Capital work-in-progress	4	2,17,15,638		1,99,88,399	
	(c) Other Intangible assets	5	89,39,14,204		91,92,79,248	
	(d) Financial Assets	6				
	(i) Others	6.1	3,81,28,188		4,30,567	
	(e) Deferred tax assets (Net)	7	55,99,238		1,34,85,158	
				1,02,99,92,344		1,03,84,28,380
2	**Current assets**					
	(a) Inventories	8	33,583		22,601	
	(b) Financial Assets	9				
	(i) Trade Receivables	9.1	38,12,87,981		36,28,49,796	
	(ii) Cash and cash equivalents	9.2	12,98,74,843		36,09,92,227	
	(iii) Bank Balances other than (ii) above	9.3	41,72,05,605		19,36,41,582	
	(iv) Loans	9.4	5,63,500		5,80,327	
	(v) Others	9.5	2,14,04,084		2,16,79,005	
	(c) Current Tax Assets (Net)	10	6,93,22,197		1,63,76,839	
	(d) Other current assets	11	2,32,73,656	1,04,29,65,449	2,66,43,585	98,27,85,963
	Total Assets			**2,07,29,57,793**		**2,02,12,14,342**
II.	**EQUITY AND LIABILITIES**					
1	**Equity**					
	(a) Equity Share Capital	12	65,00,00,000		65,00,00,000	
	(b) Other Equity	13	63,35,28,980	1,28,35,28,980	49,69,90,598	1,14,69,90,598
2	**Liabilities**					
(i)	**Non-current liabilities**					
	(a) Financial Liabilities	14				
	(i) Borrowings	14.1	-		18,34,00,000	
	(ii) Other financial liabilities	14.2	3,50,469		-	
	(b) Provisions	15	2,62,663		6,29,903	
	(c) Deferred Tax Liabilities Net	7	18,46,84,145		17,79,37,760	
	(d) Other Non-Current Liabilities	16	31,47,39,447	50,00,36,724	33,68,42,330	69,88,09,993
3	**Current liabilities**					
	(a) Financial Liabilities	17				
	(i) Borrowings	17.1	-		4,58,00,000	
	(ii) Trade payables	17.2	1,00,07,606		72,92,738	
	(iii) Other financial liabilities	17.3	5,08,46,184		7,24,78,444	
	(b) Other current liabilities	18	22,82,19,857		4,97,05,275	
	(c) Provisions	19	3,18,442	28,93,92,089	1,37,295	17,54,13,752
	Total Equity and Labilities			**2,07,29,57,793**		**2,02,12,14,342**
III.	See accompanying notes to the financial statements					

As per our Report of even date attached
For Kapoor Goyal & Co.
Chartered Accountants
FRN - 001370N

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
CA Tarun Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Surajit Dutta**	**M.K. Singh**
(Partner)	**C.F.O.**	**C.E.O.**	**Director**	**Chairman**
M. No. 095949			**(DIN-06687032)**	**(DIN-06607392)**

Place : New Delhi
Date : 01.08.2018

(CIN - U45400DL2009GOI194792)

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2018

(Figures in Rs.)

	Particulars	Note No.	For the year ended 31st March 2018	For the year ended 31st March 2017
	Revenue :			
I	Revenue from operations	20	32,35,51,393	40,98,22,423
II	Other income	21	6,76,33,147	6,25,51,101
III	**Total Income (I + II)**		**39,11,84,540**	**47,23,73,524**
IV	**Expenses:**			
	Operating Expenses	22	8,60,40,715	13,27,52,151
	Employee benefits expenses	23	4,20,03,173	3,11,91,056
	Finance costs	24	1,19,16,642	2,63,38,830
	Depreciation and amortization Expenses	25	4,17,32,982	3,61,68,435
	Administrative & Other Expenses	26	2,84,28,122	3,78,70,500
	Total Expenses (IV).		**21,01,21,635**	**26,43,20,972**
V	**Profit/loss Before exceptional items and Tax (I - IV)**		18,10,62,905	20,80,52,552
VI	Exceptional items		-	-
VII	Profit/(Loss) before tax (V - VI)		18,10,62,905	20,80,52,552
VIII	Tax expense:	27		
	(1) Current tax			
	- For the year		3,86,41,721	4,44,01,744
	- For earlier years (net)		-87,57,877	-99,15,019
	(2) Deferred tax (net)		1,46,35,202	4,99,38,040
	Total Tax Expense (VIII)		4,45,19,046	8,44,24,765
IX	Profit/(loss) for the period from continuing operation (VII - VIII)		13,65,43,859	12,36,27,787
X	Profit/(loss) from discontinued operations		-	-
XI	Tax Expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	**Profit/(loss) for the period (IX+XII)**		**13,65,43,859**	**12,36,27,787**
XIV	**Other Comprehensive Income**	28		
	A. (i) Items that will not be reclassified to profit and loss		-8,375	-
	(ii) Income Tax relating to Items that will not be reclassified to profit and loss		2,898	-
	B. (i) Items that will be reclassified to profit and loss			
	(ii) Income Tax relating to Items that will be reclassified to profit and loss			
			-5,477	-
XV	**Total Comprehensive Income for the period (IX +X)**		**13,65,38,383**	**12,36,27,787**
	(Comprehensive profit and other comprehensive income for the period)			
XVI	Earnings Per Equity Share:			
	(For Continuing Operation)			
	(1) Basic	29	2.10	1.90
	(2) Diluted		2.10	1.90
XVII	Earnings Per Equity Share:			
	(For discontinuing Operation)			
	(1) Basic		-	-
	(2) Diluted		-	-
XVIII	Earnings Per Equity Share:			
	(For discontinued and continuing Operation)			
	(1) Basic	29	2.10	1.90
	(2) Diluted		2.10	1.90

As per our Report of even date attached
For Kapoor Goyal & Co.
Chartered Accountants
FRN - 001370N

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
CA Tarun Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Surajit Dutta**	**M.K. Singh**
(Partner)	**C.F.O.**	**C.E.O.**	**Director**	**Chairman**
M. No. 095949			**(DIN-06687032)**	**(DIN-06607392)**

Place : New Delhi
Date : 01.08.2018

(CIN - U45400DL2009GOI194792)

Statement of Cash Flow

For the year ended on 31st March 2018

(Figures in Rs.)

Particulars		For the year ended 31st March 2018	For the year ended 31st March 2017
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		18,10,62,905	20,80,52,552
Adjustment for :			
Depreciation, amortization and impairment		4,17,32,982	3,61,68,435
Loss / (Profit) on sale of assets (net)		-	5,544
Finance costs		1,19,16,642	2,63,38,830
Interest Income		-	-
Other Comprehensive Income		-8,375	-
Operating Profit before working capital changes	**(1)**	**23,47,04,155**	**27,05,65,361**
Adjustment for :			
Decrease / (Increase) in Inventories		-10,982	17,805
Decrease / (Increase) in Trade Receivables		-1,84,38,184	-1,64,38,610
Decrease / (Increase) in Bank Balance other than those taken to CCE		-22,35,64,023	-3,81,03,152
Decrease / (Increase) in Loans		16,827	1,50,589
Decrease / (Increase) in Other Financial Assets		2,74,921	-93,85,148
Decrease / (Increase) in other Current Assets		33,69,929	-1,42,90,569
Decrease / (Increase) in Other Non current Financial Assets		-3,76,97,616	1,95,175
Decrease / (Increase) in Other Non Current Assets		-	-
(Decrease) / Increase in Other Non-current Liability		-2,21,02,883	6,34,34,796
(Decrease) / Increase in Provisions		2,10,800	39,526
(Decrease) / Increase in Trade Payables		27,14,868	-3,25,09,530
(Decrease) / Increase in Other Financial Liability		-2,12,81,791	82,09,783
(Decrease) / Increase in Other Current Liability		17,85,14,582	33,04,267
(Decrease) / Increase in Provisions		-3,96,893	-5,45,459
	(2)	**-13,83,90,445**	**-3,59,20,528**
Cash generated from operation	**(1+2)**	**9,63,13,709**	**23,46,44,833**
Income Tax Paid		-8,28,29,202	-5,35,20,382
NET CASH FROM OPERATING ACTIVITIES	**(A)**	**1,34,84,508**	**18,11,24,451**

CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditure on PPE, Intangible Assets & Intangible under Development		-34,87,953	-2,14,60,158
Sale of Fixed Asset		2,703	29,035
Capital Advances given during the year		-	-
Interest Received		-	-
NET CASH FROM INVESTING ACTIVITIES	**(B)**	**-34,85,250**	**-2,14,31,123**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceed from issue of share capital		-	-
Proceeds from Borrowings		-22,92,00,000	-4,58,00,000
Finance Cost		-1,19,16,642	-2,63,38,830
Dividend (including Dividend Distribution Tax) paid		-	-
NET CASH FROM FINANCING ACTIVITIES	**(C)**	**-24,11,16,642**	**-7,21,38,830**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	**(A+B+C)**	**-23,11,17,384**	**8,75,54,498**
CASH AND CASH EQUIVALENT (OPENING)	**(E)**	**36,09,92,227**	**27,34,37,729**
Cash Balances			
Balance with Banks			
Current Accounts		7,16,25,537	1,93,98,878
– Flexi Accounts		13,30,03,856	3,41,86,255
Short term investments		15,63,62,834	21,98,52,596
CASH AND CASH EQUIVALENT (CLOSING)	**(F)**	**12,98,74,843**	**36,09,92,227**
Cash Balances		1,01,548	-
Balance with Banks			
Current Accounts		1,47,34,323	7,16,25,537
– Flexi Accounts		11,50,38,972	13,30,03,856
Short term investments		0	15,63,62,834
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	**(F - E)**	**-23,11,17,384**	**8,75,54,498**

As per our Report of even date attached

For and on behalf of the Board of Directors

For Kapoor Goyal & Co.
Chartered Accountants
FRN - 001370N

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
CA Tarun Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Surajit Dutta**	**M.K. Singh**
(Partner)	**C.F.O.**	**C.E.O.**	**Director**	**Chairman**
M. No. 095949			**(DIN-06687032)**	**(DIN-06607392)**

Place : New Delhi
Date : 01.08.2018

(CIN - U45400DL2009GOI194792)

Statement of changes in equity for the period

ended 31-March-2018

A. Equity share capital (Figures in Rs.)

Particulars	Amount
Balance as at April 1, 2017	**65,00,00,000**
Add: Shares issued during the year	-
Balance as at March 31, 2018	**65,00,00,000**

B. Other Equity

Particulars	Reserve & Surplus			
	Share application money pending allotment	General Reserve	Retained Earnings	Total
Balance as at April 1, 2017	-	49,69,90,598	-	49,69,90,598
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	-	**49,69,90,598**	-	**49,69,90,598**
Profit for the year	-	-	13,65,43,859	13,65,43,859
Other Comprehensive Income	-	-	(5,477)	(5,477)
Total Comprehensive Income	-	-	**13,65,38,383**	**13,65,38,383**
Transfer to General Reserve	-	-	(13,65,38,383)	(13,65,38,383)
Addition during the year	-	13,65,38,383	-	13,65,38,383
Refunded/issued during the year	-	-	-	-
Balance as at March 31, 2018	-	**63,35,28,980**	-	**63,35,28,980**

As per our Report of even date attached

For Kapoor Goyal & Co.
Chartered Accountants
FRN - 001370N

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
CA Tarun Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Surajit Dutta**	**M.K. Singh**
(Partner)	**C.F.O.**	**C.E.O.**	**Director**	**Chairman**
M. No. 095949			**(DIN-06687032)**	**(DIN-06607392)**

Place : New Delhi
Date : 01.08.2018

(CIN - U45400DL2009GOI194792)

Statement of changes in equity for the period

ended 31-March-2017

A. Equity share capital (Figures in Rs.)

Particulars	Amount
Balance as at April 1, 2016	**65,00,00,000**
Add: Shares issued during the year	-
Balance as at March 31, 2017	**65,00,00,000**

B. Other Equity

Particulars	Reserve & Surplus			
	Share application money pending allotment	General Reserve	Retained Earnings	Total
Balance as at April 1, 2016	-	37,33,62,811	-	37,33,62,811
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance at the beginning of the reporting period	-	37,33,62,811	-	37,33,62,811
Profit for the year	-	-	12,36,27,787	12,36,27,787
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	12,36,27,787	12,36,27,787
Transfer to General Reserve	-	-	(12,36,27,787)	(12,36,27,787)
Addition during the year	-	12,36,27,787	-	12,36,27,787
Refunded/issued during the year	-	-	-	-
Balance as at March 31, 2017	-	**49,69,90,598**	-	**49,69,90,598**

As per our Report of even date attached

For Kapoor Goyal & Co.
Chartered Accountants
FRN - 001370N

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
CA Tarun Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Surajit Dutta**	**M.K. Singh**
(Partner)	**C.F.O.**	**C.E.O.**	**Director**	**Chairman**
M. No. 095949			**(DIN-06687032)**	**(DIN-06607392)**

Place : New Delhi
Date : 01.08.2018

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR THE FINANCIAL YEAR 2017-2018

Note 1: Corporate Information

Ircon Infrastructure & Services Limited is a wholly owned Subsidiary Company of Ircon International Limited. The company domiciled in India and is incorporated under the provisions of the companies Act applicable in India. The Company had initially incorporated for Construction and development of Multi-Functional Complexes (MFCs) at identified Railway stations to provide amenities to Railway users. Also, the company diversified progressively to Infrastructure Consultancy Projects, Preparation of DPR and FS, Project Management Consultancy Projects, Supply of Manpower, Leasing of Plant & Machinery, Sub-Leasing of MFCs and execution of CSR projects of various clients including Holding Company. The Company caters to both domestic and international markets. The registered office of the company is located at C-4, District Centre, Saket, New Delhi - 110017.

Note 2: Summary of Significant Policies

Basis of Preparation

2.1 Statement of Compliance

The financial statements as at and for 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 Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian accounting standards) Amendment Rules 2016 and Companies (Indian accounting standards) Amendment Rules 2017.

2.2 Basis of Measurement

The financial statements have been prepared under the historical cost convention and on an accrual basis, except for the following item that have been measured at fair value as required by relevant Ind-AS.

i) Defined benefit plans

ii) Certain financial assets and liabilities measured at fair value.

2.3 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 judgements:

- Fair value measurement of financial instruments
- Useful lives of property, plant and equipment & intangible assets
- Determination of percentage completion in construction contracts
- 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 recognised in the period in which the results are known /materialize.

2.4 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.

Amendment to Ind-AS 7:

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

2.5 Foreign Currency Transactions

i) Functional and presentation 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.

(ii) Foreign Currency Transactions

(a) Transactions of Indian operations:

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

ii) Property, plant and Equipment, intangibles, investment property, prepaid expenses, inventory and non-monetary items are translated at the rate on the date of initial transaction.

iii) Monetary items (Trade receivables, trade payables, Cash and Bank, Loans and Borrowings and other receivables & payables) and contingent assets & liabilities denominated in foreign currency are translated at the prevailing closing buying rate at each reporting date.

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

(b) Transactions of Foreign operations:

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

ii) Property, plant and Equipment, intangibles, prepaid expenses, inventory and non-monetary items are translated at the rate on the date of initial transaction.

iii) Monetary items (Trade receivables, trade payables, Cash and Bank, Loans and Borrowings and other receivables & payables) and contingent assets & liabilities denominated in foreign currency are translated at the prevailing closing buying rate at each reporting date.

iv) Foreign Exchange Gain or Losses in respect of above transactions are recognised in Statement of profit and loss account.

The result and financial position of foreign operation that have a functional currency different from the presentation currency are translated in to presentation currency as follows.

i) Assets/Liabilities - Closing Exchange Rate on the reporting date

ii) Income/Expenses – Average exchange rate during the year.

iii) Exchange differences on translation of functional currency to presentation currency are – recognised in OCI (Other comprehensive income)

iv) On disposal of Foreign Operation (on realization of complete receivables from client) transfer the component of OCI (Other comprehensive income) to profit or loss relating to respective foreign operation.

2.6 Property, plant and equipment

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

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

(c) Cost of asset includes the following

i. Cost directly attributable to the acquisition of the assets.

ii. 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.

iii. Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.

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

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

(f) 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.

2.7 Intangible Assets

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

2.8 Investment properties

(a) Investment property comprises completed property, property under construction and property held under a finance lease that is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

(b) Investment Properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

(c) The company depreciates building component of investment property over the useful life from the date of original purchase.

(d) Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.9 Investments in subsidiaries, and Joint Arrangements

a) Investment in Subsidiaries

Investment in subsidiaries are accounted for at cost.

b) Joint Arrangement

Investment in joint arrangement are classified as either Jointly controlled operations under work sharing arrangement (joint operation) or Contracts executed by jointly controlled entity (joint ventures). The classification depends on the contractual rights and obligations of each JV partner rather than the legal structure of the joint arrangement. Company has both joint ventures and joint operations.

i) Joint Operations

Company recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenue and expenses.

ii) Joint Venture

(a) Unincorporated joint ventures:

- Company's share in profits or losses is accounted on determination of the profits or losses by the joint ventures.
- Investments are carried at cost net of Company's share in recognised profits or losses and net investment is reflected as investments, loans & advances or current liabilities as the case may be.

(b) Incorporated joint ventures:

- Income on investments is recognised when the right to receive the same is established.

Investment in such joint ventures is carried at cost after providing for any diminution in value which is other than temporary in nature.

2.10 Inventories

(a) Construction Work in Progress

Construction work-in-progress is valued at cost till such time the outcome of the job cannot be ascertained reliably and at realizable value thereafter. Site mobilization expenditure to the extent not written off valued at cost.

(b) Others

i. In Cost Plus contracts, the cost of all materials, spares and stores not reimbursable as per the terms of the contract is shown as inventory valued as per (III) below.

ii. In Item Rate and Lump Sum Turnkey contracts, the cost of all materials, spares (other than capitalized) and stores are charged to Statement of Profit and Loss in the year of use.

iii. Inventories are valued at lower of the cost arrived at on First in First out (FIFO) basis and net realizable value.

iv. Loose tools are expensed in the year of purchase.

2.11 Cash and Cash Equivalents

Cash and cash equivalent comprise of cash at bank, cash in hand and short term deposits with an original maturity of three 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 integral part of the company's cash management.

2.12 Provisions

(a) Provision for Maintenance

i) In Cost Plus contract, no provision for maintenance is required to be made where cost is reimbursable.

ii) Item Rate and Lump Sum turnkey contracts, provision is made for maintenance to cover company's liability during defect liability period keeping into consideration the contractual obligations, the obligations of the sub- contractors, operating turnover and other relevant factors.

iii) Provision for unforeseen expenditure during design guarantee period is made based on risk perception of management in each contract assessed at the end of each financial year. This shall, however, be subject to a minimum of Rs. 50 lakhs and maximum of the amount of Design guarantee specified in Contract Agreement with the Client.

(b) Provision for Demobilization

Provision for demobilisation to meet the expenditure towards demobilisation of Manpower and Plant & Equipment is made in foreign projects.

(c) Others

Provision is recognised when:

i) The Company has a present obligation as a result of a past event,

ii) A probable outflow of resources is expected to settle the obligation and

iii) A reliable estimate of the amount of the obligation can be made.

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

Provisions are reviewed at each Balance Sheet date.

(d) Discounting of Provisions

Provision recognised as per above point a, b and c which expected to be settled beyond 12 months are measured at the present value by using pretax discount rate that reflects the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expenses.

2.13 Revenue Recognition

(a) Contract Revenue Recognition

Contract revenue is measured at the fair value of the consideration received or receivable recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Depending on the nature of contract, revenue is recognised as under-

i) In cost plus contracts, revenue is worked out by including eligible items of expenditure in the bills raised on the clients and charging specified margin thereon.

ii) In fixed price contracts, revenue is recognized using the percentage of completion method. The percentage of completion is determined as a proportion of cost incurred of work certified up to the reporting date to the total estimated cost of the contract.

iii) Full provision is made for any loss in the period in which it is foreseen.

Claims/Arbitration Awards (including interest thereon) which are granted in favour of the Company, being in the nature of additional compensation under the terms of the contract are accounted as contract revenue when they are granted and where it is certain to realize the collection of such claims/awards.

iv) Revenue does not include Sales Tax/VAT/WCT/Service Tax etc.

(b) Other Revenue Recognition

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

ii) Interest income is recognized on a time proportion basis, taking into account the amount outstanding, at the interest rate applicable using effective interest rate method.

2.14 Leases

(a) 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) payments 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.

(b) Company as a lessor

Finance Lease:-

(i) Is recognised when substantially all of the risks and rewards of ownership transfer from the company to the lessee.

(ii) Payment due are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Operating Lease:-

(i) Are the leases in which the company does not transfer substantially all the risks and rewards of ownership to the lessee.

(ii) incomes are recognized as income in the statement of profit & loss on straight-line basis over the lease term except where lease payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

2.15 Liquidated Damages and Escalations

i. Liquidated damages/penalties (LD) due to delays arising out of the contractual obligations and provisionally withheld from contractors/under dispute are adjusted against contract cost only on final decision in this regard. However, LD recovered/withheld by client is accounted for on recovery/withholding & adjusted against contract revenue. Possible Liquidated Damages in cases where extension is granted by the client subject to their right for levy of penalty is shown as contingent liability.

ii. Escalation receivable/payable is accounted for as per the provisions of the contract. Escalation receivable but not certified before close of project accounts is included in work- in- progress.

2.16 Research and development Expenses

i) Research costs are expensed as incurred.

ii) Development expenditures on an individual project are recognised as an intangible asset when the company can demonstrate all the followings:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

2.17 Mobilisation Expenses

The initial contract expenses on new projects for mobilisation will be recognised as construction work in progress in the year of incidence, and pro rata charged off to the project over the years at the same percentage as the stage of completion of the contract as at the end of financial year.

2.18 Depreciation & Amortisation

(a) 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.

(b) 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.

(c) The estimated useful life of assets for current and comparative period of significant items of property plant and equipment are as follows:

Particulars	Useful Life (yrs.)
Plant & Machinery	12 yrs.
Computers	3 yrs.
Furniture, Fixtures, Furnishings	10 yrs.
Office Equipment's	5 yrs.
Laboratory's Equipment's	10 yrs.
Vehicles	10 yrs.

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

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

(f) 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.

Amortization of Intangible Assets

(a) 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 intangibles are as follows:

Intangible Assets	Useful life	Internally generated or self-generated
Lease Right	Useful life of MFC	Internally generated

(b) Amortisation methods, useful lives and residual values are reviewed at each reporting date.

(c) Software cost up to Rs. 25 Lakhs in each case is fully amortised in the year of purchase, by keeping Rs. 1 as token value for identification.

(d) Capital expenditure as referred to above in policy no 2.6(f) as above is amortized over the lease period from the year in which concerned project comes into commercial operations

2.19 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.

2.20 Borrowing Cost

i. Borrowing cost in ordinary course of business are recognized as expense of the period in which they are incurred.

ii. Borrowing cost that is directly attributable to acquisition, construction or production of a qualifying asset is capitalized as part of the cost of such assets up to the commencement of commercial operations.

2.21 Employment Benefits

a) Short Tem Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid for the services rendered are recognised as an employee as an expense during the period when the employees render the services.

b) Post-employment benefits & other Long Term Employee Benefits

i. Retirement benefits in the form of provident fund and pension fund are defined contribution schemes. The contributions to the provident fund trust and pension trust are charged to the statement to the Profit and loss for the year when the contributions are due.

ii. Provision for long term Leave Encashment, Gratuity & Other Retirement Benefits is made based on actuarial valuation at the year end.

iii. Actuarial gains or losses are recognized in other comprehensive income.

iv. Gains and losses through remeasurment of the net defined benefit liability (Asset) are recognized in other comprehensive income.

Others:

i. The persons working for the company are on nomination/secondment basis and are on the rolls of its Holding company. Provisions for leave encashment, gratuity and other retirement benefits is made by its holding company based on actuarial valuation at the year end.

ii. All other provisions of Retirement Benefits of the employees on nomination/ secondment basis is made by its Holding Company.

iii. Provision for leave salary only is made in the books of accounts, for the contract employee posted at Sri Lanka Branch as no other retirement benefit are payable to them.

iv. Provident Fund contribution of the employees on nomination/secondment is made by the Holding Company to its PF Trust on accrual basis.

2.22 Taxes

a) 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).

b) 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 is 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.

Deferred tax related to OCI Item are recognized in Other Comprehensive Income (OCI).

2.23 Operating Segment

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker.

Accordingly, the Company has identified five operating reporting segments based on Consultancy of Project, Supply of Manpower, Sub Leasing of MFCs, and Leasing of Plant & Machinery & Other operating Revenue, two operating reporting segments based on geographic location of the project viz. Domestic & International.

2.24 Earnings per Share

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

2.25 Contingent Liabilities and contingent Assets

(a) Contingent Liabilities are disclosed in either of the following cases:

i. A present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation; or

ii. A reliable estimate of the present obligation cannot be made; or

iii. A possible obligation, unless the probability of outflow of resource is remote.

(b) Contingent assets is disclosed where an inflow of economic benefits is probable.

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

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

2.26 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 economic best 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.

2.27 Dividend to equity holders

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

2.28 Financial instruments

A. Initial recognition and measurement

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

B. Subsequent measurement

Financial Assets

Financial assets are classified in following categories:

a) Debt instruments at Amortised Cost

Debt instrument shall be measured at amortised cost if both of the following conditions are met:

(i) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and

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

b) Debt instruments 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.

c) Debt instruments at Fair value through Profit & Loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instruments, 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 a debt instruments, 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 debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of P&L.

Financial liabilities

a) Financial liabilities at Amortised Cost

Financial liabilities at amortised 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.

b) Financial liabilities at FVTPL

The company has not designated any financial liabilities at FVTPL.

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

e) 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 recognises 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 amortised 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) recognised during the period is recognised as income/expense in the statement of profit and loss.

2.29 Non-current Assets (or disposal groups) held for Sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it

is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and Liabilities classified as held for sale/distribution are presented separately in the balance sheet.

If the criteria stated by IND AS 105 "Non-current Assets Held for Sale" are no longer met, the disposal group ceases to be classified as held for sale. Non-current asset that ceases to be classified as held for sale are measured at the lower of (i) its carrying amount before the asset was classified as held for sale, adjusted for depreciation that would have been recognised had that asset not been classified as held for sale, and (ii) its recoverable amount at the date when the disposal group ceases to be classified as held for sale.

2.30 Standard issued but not yet effective for the Financial Year 2017-18

(a) IND AS 115 Revenue from Contracts with Customers

MCA had notified IND AS 115 on Revenue from Contracts with Customers on dated March 28, 2018. The standard establishes a new five step model that will apply to revenue arising from Contracts with customers. Under IND AS 115, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IND AS 115 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IND AS.

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

3. Property, Plant and Equipment

(Figures in Rs.)

Particulars	Plant & Machinery	Computers	Furniture, Fixtures, Furnishings	Air Conditioners	Electric Appliance	Office Equipment's	Laboratory Equipment's	Vehicle	Total
Cost or valuation									
At 1 April 2016	**12,72,06,078**	**6,98,069**	**2,67,669**	**82,500**	**50,200**	**47,149**	-	-	**12,83,51,825**
Additions	7,27,850	2,66,979	19,809	27,235	-	55,762	2,24,324	1,49,800	14,71,759
Disposals/Adjustments	-	40,000	14,600	-	-	-	-	-	54,600
At 31 March 2017	**12,79,33,928**	**9,25,048**	**2,72,878**	**1,09,735**	**50,200**	**1,02,911**	**2,24,324**	**1,49,800**	**12,97,68,984**
Additions	-	**13,08,061**	**68,988**	**17,114**	**90,436**	**2,15,470**	**43,200**	-	**17,43,269**
Disposals/Adjustments	-	3,350	-	-	-	-	-	-	3,350
At 31 March 2018	**12,79,33,928**	**22,29,759**	**3,41,866**	**1,26,849**	**1,40,636**	**3,18,381**	**2,67,524**	**1,49,800**	**13,15,08,903**
Accumulated Depreciation and impairment									
At 1 April 2016	**2,79,23,272**	**2,93,829**	**67,212**	**13,685**	**8,327**	**9,870**	-	-	**2,83,16,195**
Depreciation charge for the year	1,58,84,681	2,51,371	19,907	19,651	10,612	17,985	19,576	3,859	1,62,27,642
Impairment	-	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	18,965	1,056	-	-	-	-	-	20,021
At 31 March 2017	**4,38,07,953**	**5,26,235**	**86,063**	**33,336**	**18,939**	**27,855**	**19,576**	**3,859**	**4,45,23,816**
Depreciation charge for the year	**1,58,90,866**	**3,29,830**	**22,761**	**22,447**	**17,421**	**28,911**	**24,036**	**14,226**	**1,63,50,498**
Disposals/Adjustments	-	647	-	-	-	-	-	-	647
At 31 March 2018	5,96,98,819	8,55,418	1,08,824	55,783	36,360	56,766	43,612	18,085	6,08,73,667
Net book value									
At 31 March 2018	**6,82,35,109**	**13,74,341**	**2,33,042**	**71,066**	**1,04,276**	**2,61,615**	**2,23,912**	**1,31,715**	**7,06,35,076**
At 31 March 2017	**8,41,25,975**	**3,98,813**	**1,86,815**	**76,399**	**31,261**	**75,056**	**2,04,748**	**1,45,941**	**8,52,45,008**

Non - Current Assets

4. Capital Work in Progress

(Figures in Rs.)

Particluars	Amount
Opening balance at 1 April 2016	-
Additions (subsequent expenditure)	1,99,88,399
Adjustments	-
Closing balance at 31st March 2017	**1,99,88,399**
Additions (subsequent expenditure)	17,27,239
Adjustments	-
Closing balance at 31 March 2018	**2,17,15,638**
Net Book Value	
at 31st March 2018	**2,17,15,638**
at 31st March 2017	**1,99,88,399**

* Details of Tangible Assets under Development	Opening Balance as at 1st April, 2017	Additions during the year 2017-18	Capitalisation of CWIP into Intangible assets (Lease Rights)	Balance as at 31st March, 2018
Capital Work In Progress (Track Machines)				
Track Machine CSM 906	63,80,094	53,400	-	64,33,494
Track Machine CSM 911	63,80,094	53,400	-	64,33,494
Track Machine UNIMAT 8255	60,83,797	0	-	60,83,797
Track Machine Expenses	11,44,414	16,20,439	-	27,64,853
T O T A L	**1,99,88,399**	**17,27,239**	-	**2,17,15,638**

* Details of Tangible Assets under Development	Opening Balance as at 1st April, 2016	Additions during the year 2016-17	Capitalisation of CWIP into Intangible assets (Lease Rights)	Balance as at 31st March, 2017
Capital Work In Progress (Track Machines)				
Track Machine CSM 906	-	63,80,094	-	63,80,094
Track Machine CSM 911	-	63,80,094	-	63,80,094
Track Machine UNIMAT 8255	-	60,83,797	-	60,83,797
Track Machine Expenses	-	11,44,414	-	11,44,414
T O T A L	-	**1,99,88,399**	-	**1,99,88,399**

5. Intangible Assets

(Figures in Rs.)

Particulars	Intangible Assets	Lease Right	Total
Opening balance at 1 April 2016	-	**97,27,37,423**	**97,27,37,423**
Addition during the year	-	-	-
Adjustment	-	-	-
Closing balance at 31 March 2017	-	**97,27,37,423**	**97,27,37,423**
Addition during the year	17,445	-	17,445
Adjustment	-	-	-
Closing balance at 31 March 2018	**17,445**	**97,27,37,423**	**97,27,54,868**
Amortization and Impairment			
Opening balance at 1 April 2016	-	**3,35,17,382**	**3,35,17,382**
Amortisation	-	1,99,40,793	1,99,40,793
Impairment	-	-	-
Adjustment	-	-	-
Closing balance at 31 March 2017	-	**5,34,58,175**	**5,34,58,175**
Amortisation	17,445	2,53,65,044	2,53,82,489
Impairment	-	-	-
Adjustment	-	-	-
Closing balance at 31 March 2018	**17,445**	**7,88,23,219**	**7,88,40,664**
Net book value			
At 31 March 2018	-	**89,39,14,204**	**89,39,14,204**
At 31 March 2017	-	**91,92,79,248**	**91,92,79,248**

1. Lease Rights : The company has entered into an agreement with RLDA (Rail Land Development Authority) to build Multi Functional Complexes (MFCs) at various railway stations. The Land belongs to Railways and the company has construct the buildings on the same and having lease rights (commercial Rights) of 45 years from the date of commencement of MFC.
2. The Lease Rights has been amortised over the lease period from the date in which the concerned project comes into commercial operations on prorata basis. The amount amortised during the year **Rs. 2,53,65,044/-** (F.Y 2016-17 Rs 1,99,40,793/-)

Non - Current Financial Assets

6. Others

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Secured, considered good		
Fixed deposits having remaining maturity of more than 12 months	3,77,70,000	-
Interest Accrued on Staff Loans & Advances	-	72,379
Unsecured Considered good		
Deposits		
- With Statutory Departments -	3,58,188	3,58,188
Total	**3,81,28,188**	**4,30,567**

7. Deferred Tax

The Balances comprises temporary difference attributable

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred tax liability		
Property, plant & equipment and intangible assets	18,46,84,145	17,79,37,760
Total deferred tax liability	**18,46,84,145**	**17,79,37,760**

Deferred tax Assets

Gratuity	38,686	17,966
Leave Salary	53,441	2,01,792
PRP	1,08,982	45,754
Demobilizing	-	46,72,080
Other Expenses	53,98,130	85,47,565
Total deferred tax asset	**55,99,238**	**1,34,85,158**
Net deferred Tax (Asset)/Liability	**17,90,84,906**	**16,44,52,602**

Movement in deferred tax liability/ (asset)

(Figures in Rs.)

Particulars	PPE (Property, Plant & Equipments	Employee Benefit obligation	Other Expenses	Total
Opening balance as at 1 April 2016	**11,49,55,742**	**-4,41,180**	-	**11,45,14,562**
Charged/(credited) during 2016-17 To Profit & Loss To other comprehensive income	6,29,82,018	1,75,668	-1,32,19,645	4,99,38,040
Closing balance as at 31 March 2017	**17,79,37,760**	**-2,65,512**	**-1,32,19,645**	**16,44,52,602**
Charged/(credited) during 2017-18 To Profit & Loss	67,46,385	67,302	78,21,515	1,46,35,202
To other comprehensive income		-2,898		-2,898
Closing balance as at 31 March 2018	**18,46,84,145**	**-2,01,109**	**-53,98,130**	**17,90,84,906**

Current Assets

8. Inventories

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Material and stores		
- In Hand	**33,583**	22,601
- With Third Parties	-	-
- In Transit	-	-
Work In progress	-	-
Total	**33,583**	22,601

9. Financial Assets

9.1 Trade Receivables

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Secured, Considered good		
Trade receivables*	38,12,87,981	36,28,49,796
Total	**38,12,87,981**	**36,28,49,796**

***Break-up for Trade Receivables**

Particulars	As at 31st March 2018	As at 31st March 2017
Secured, considered good		
(a) From Related Party - Ircon International Limited	3,91,12,558	6,49,35,613
(b) From Others	34,21,75,423	29,79,14,183
Unsecured, considered good	-	-
Doubtful	-	-
	38,12,87,981	**36,28,49,796**
Allowances for Doubtful receivables	-	-
Total Trade Receivables	**38,12,87,981**	**36,28,49,796**

Note : Trade Receivable stated above do not include debts due by directors, other officers of the company, firm in which Director is a partner or private company in which director is a member except as stated below:

9.2 Cash and Cash equivalents

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Cash in hand	1,01,548	-
Cheques/drafts in hand	-	-
Balances with banks:		
– On current accounts	1,47,34,323	7,16,25,537
– Flexi Accounts	11,50,38,972	13,30,03,856
– Deposits with original maturity of less than three months	-	15,63,62,834
Total	**12,98,74,843**	**36,09,92,227**

9.3 Bank Balances other than Cash and Cash equivalents

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Other Bank Balances		
– Deposits with original maturity of more than 3 months but less than 12 months	41,72,05,605	19,36,41,582
Total	**41,72,05,605**	**19,36,41,582**

9.4 Loans

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Security deposits	5,63,500	5,61,000
Staff Loan*		
A. Secured, considered good	-	-
B. Unsecured, considered good	-	19,327
Total	**5,63,500**	**5,80,327**

Note : *Loans and Advances stated above do not include debts due by officers of the company, firm in which director is a partner or private company in which director is a member.

9.5 Other Financial Assets

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Secured, Considered good		
Interest Accrued on Staff Loans & Advances	58,714	83,835
Interest Accrued on FDR's with Bank	1,37,12,349	1,49,14,563
Unsecured, Considered good		
Money Withheld by Client/ Retention Money	48,33,021	62,80,607
Earnest Money Deposit	28,00,000	4,00,000
Total	**2,14,04,084**	**2,16,79,005**

10. Current Tax

Current Tax Assets

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision of income tax (Net of advance tax & TDS)	20,65,416	-
Advance tax/ TDS Receivable (Previous Years)	6,72,56,781	1,63,76,839
Total	**6,93,22,197**	**1,63,76,839**

11. Other Current Assets

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Advances Other than Capital advances		
Advance to Contractor	21,00,000	-
Others		
Prepaid Expense	9,66,267	11,85,252
Billable Revenue	2,01,59,283	2,53,53,373
Imprest to Staff	48,106	-
Interest Paid in Advance-Related party	-	1,04,960
Total	**2,32,73,656**	**2,66,43,585**

12. Equity Share capital

(Figures in Rs.)

Particulars	As at 31st March 2018	As at 31st March 2017
Authorized share capital		
6,50,00,000 Equity shares of Rs.10 each-fully paid		
(as at 31.03.2017 6,50,00,000 Equity shares of Rs.10 each)	65,00,00,000	65,00,00,000
	65,00,00,000	65,00,00,000
Issued/Subscribed and Paid up Capital		
6,50,00,000 Equity shares of Rs.10 each-fully paid		
(as at 31.03.2017 6,50,00,000 Equity shares of Rs.10 each)	65,00,00,000	65,00,00,000
	65,00,00,000	65,00,00,000

Details of shareholders holding more than 5% in the company

(Figures in Rs.)

Name of the shareholde	As at 31 March 2018		As at 31 March 2017	
	No in Lakhs	% holding in the class	No in Lakhs	% holding in the class
Ircon International Limited- Holding Company (IRCON)	6,50,00,000	100.00%	6,50,00,000	100.00% -
Total	**6,50,00,000**	**100.00%**	**6,50,00,000**	**100.00%**

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

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
	No in	No in	No in	No in	No in ....
Equity shares allotted other than cash	-	-	-	-	-
Equity shares issue as bonus	-	-	-	-	-
Total	-	-	-	-	-

Reconciliation of the number of equity shares and share capital

(Figures in Rs.)

Particular	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	6,50,00,000	65,00,00,000	6,50,00,000	65,00,00,000
Add: Shares Issued during the year	0	0	0	0
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	6,50,00,000	65,00,00,000	6,50,00,000	65,00,00,000

Note : The company has only one class of Equity having a par value Rs. 10.00 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

13. Other Equity

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Retained Earnings	-	-
General Reserve	63,35,28,980	49,69,90,598
Share Application Money Pending for Allotment	-	
Total	**63,35,28,980**	**49,69,90,598**

13.1 Retained Earnings

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Opening Balance		-
Add: Profit transferred from Statement of Profit & Loss	13,65,43,859	12,36,27,787
Add: Other comprehensive income arising from remeasurement of defined benefit obligation	-5,477	-
Less: Transfer to General reserve	13,65,38,383	12,36,27,787
Closing Balance	-	-

Note : The company has not declared any dividend during the year.

13.2 General Reserve

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Opening Balance	49,69,90,598	37,33,62,811
Add: Transferred from Statement of Profit & Loss	13,65,38,383	12,36,27,787
Closing Balance	**63,35,28,980**	**49,69,90,598**

Non - Current Liabilities

14. Financial Liabilities

14.1 Borrowings

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured Loans		
Loan From Related Party		
- Ircon International Ltd.	-	18,34,00,000
Total	-	**18,34,00,000**

14.2 Other Financial Liability

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Retention Money	3,50,469	-
Total	**3,50,469**	-

15. Provisions

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Provisions for employee benefits:		
i) Gratuity	1,11,667	51,863
ii) Leave Salary	1,50,996	5,78,040
Total	**2,62,663**	**6,29,903**

16. Other Non-Current Liability

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
- Upfront Amount from Sub - leasing of MFCs	31,47,39,447	33,68,42,330
Total	**31,47,39,447**	**33,68,42,330**

Current Liabilities

17. Financial Liabilities

17.1 Borrowings

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured Loan - Related Party		
- Ircon International Limited	-	4,58,00,000
Total	-	**4,58,00,000**

17.2 Trade Payables

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Others		
(a) Contractor & Suppliers	1,00,07,606	72,92,738
(b) Related Parties		
Ircon International Limited	-	-
Total	**1,00,07,606**	**72,92,738 .**

17.3 Other Financial Liabilities

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Other payables		
Staff Payable	16,98,491	16,76,859
Deposits, Retention money	2,33,93,511	2,67,63,967
Others	19,102	1,82,341
Other Expenses-Provisions	1,55,97,924	2,46,98,235
Demobilisation	-	1,35,00,000
Other Payable- Ircon International Limited		
Interest Payable on Loan		
- Towards Reimbursement of remuneration of staff, other exp , etc	1,01,37,156	52,34,189
- Towards Payment of rent	-	4,22,852
Total	**5,08,46,184**	**7,24,78,444**

18. Other Current Liabilities

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Others		
Statutory dues:	90,71,133	26,47,365
Income Received in Advance	21,91,48,724	4,70,57,910
Total	**22,82,19,857**	**4,97,05,275**

19. Provisions

(Figures in Rs.)

Particulars	As at 31 March 2018	As at 31 March 2017
Provisions for employee benefits:		
i) Gratuity	116	51
ii) Leave Salary	3,421	5,038
iii) PRP	3,14,905	1,32,206
Total	**3,18,442**	**1,37,295**

20. Revenue from operations

(Figures in Rs.)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(A) Sale of Services		
Lease Rentals from Sub-Leasing of MFCs		
- Others	14,82,77,654	13,66,23,588
- Related Party	-	-
Sub- Total	14,82,77,654	13,66,23,588
Supply of Manpower		
- Others	-	-
- Related Party	48,16,293	2,19,08,951
Sub- Total	48,16,293	2,19,08,951
Leasing of Plant & Machinery		
- Others	-	-
- Related Party	-	1,69,12,324
Sub- Total	-	1,69,12,324
Project Management Consultancy		
- Others	15,46,16,659	17,89,89,972
-"From Swachh Bharat Abhiyan Projects"	4,07,550	48,48,789

- Related Party	-	-
Sub- Total	15,50,24,209	18,38,38,761
(b) Other operating Revenues		
Execution of CSR & Swachh Bharat Abhiyaan projects		
- Others	1,54,33,237	5,05,38,799
- Related Party	-	-
Sub- Total	1,54,33,237	5,05,38,799
Total	**32,35,51,393**	**40,98,22,423**

21. Other Income

(Figures in Rs.)

Particulars	**For the year ended 31st March 2018**	**For the year ended 31st March 2017**
Bank Interest Gross	3,84,04,577	3,15,77,030
Interest on staff advances	315	385
Interest on Receivables & Advances	2,64,71,353	3,06,05,055
Interest on Refund of Income Tax	3,69,864	-
Exchange Fluctuation gain	9,83,905	-
Other non- operating income*		
- from Others	14,03,133	3,68,631
-"from Related Party (Ircon International Limited)"	-	-
Total	**6,76,33,147**	**6,25,51,101**

22. Operating Expenses

(Figures in Rs.)

Particulars	**For the year ended 31st March 2018**	**For the year ended 31st March 2017**
Cost of Operations	8,60,40,715	13,27,52,151
Total	**8,60,40,715**	**13,27,52,151**

i) Break-up of Cost of Operations

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Work Expenses-CSR	1,27,55,358	5,18,63,699
Work Expenses-Consultancy works	84,02,613	3,78,57,924
Work Expenses-Leasing of MFCs	4,39,11,270	4,16,56,307
Work Expenses for operation & Maintenance of EMP LAB	9,77,815	13,46,643
Works Expenses for other Projects	38,92,661	27,578
Works Expenses- LPAI	9,30,000	-
Works Expenses -MEA	1,51,70,999	-
Total	**8,60,40,715**	**13,27,52,151**

23. Employee Benefit Expenses

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Salaries & Wages	3,91,64,298	2,81,36,821
Contribution to provident and other funds	28,38,876	30,54,235
Total	**4,20,03,173**	**3,11,91,056**

24. Finance Cost

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Interest Expenses		
- Interest on Loan from related party (Ircon International Limited)	1,19,16,642	2,63,38,830
Total	**1,19,16,642**	**2,63,38,830**

25. Depreciation, amortization and impairment

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Property, Plant and equipment	1,63,50,497	1,62,27,642
Intangible Assets	2,53,82,485	1,99,40,793
Total	**4,17,32,982**	**3,61,68,435**

26. Other Expenses

(Figures in Rs.)

Particulars	For the year ended on 31st March 2018	For the year ended on 31st March 2017
Rates and Taxes	20,46,005	5,39,166
Travelling & conveyance	1,05,42,400	73,16,530
Printing & stationery	4,05,214	2,87,374
Postage, telephone & telex	3,06,612	1,39,635
Legal & Professional charges	30,06,062	22,12,520
Loss on Sale of Fixed Assets	-	5,544
Demobilsation expenses	-	1,35,00,000
Insurance	93,253	1,90,774
Rent	36,21,034	40,76,493
Training & Recruitment Expenses	47,018	3,00,310
Vehicle operation & Maintenance	12,15,772	11,62,080
Bank and other Financial Charges	7,05,061	2,20,087
Auditors remuneration (Refer Points (i) for detail)	2,35,900	1,24,180
Advertisement & publicity	15,99,120	3,67,338
Miscellaneous expenses	15,06,685	9,48,385
Interest on Late Payment of Statutory dues	14,12,070	26,88,551
Fee & subscription charges	11,193	4,478
Honorarium	25,400	17,000
Repair & Maintenance	4,44,877	24,33,625
CSR	9,96,081	2,71,300
Exchange Fluctuation Loss	2,08,367	10,65,130
Total	**2,84,28,122**	**3,78,70,500**

(i) Payment to Statutory Auditors:

(Figures in Rs.)

Particulars	For the year ended on on 31st March 2018	For the year ended 31st March 2017
(I) Audit Fee - current year	1,85,400	84,000
(ii) Tax Audit Fees - current year	31,500	25,000
(iii) Travelling & out of pocket expenses:	19,000	
- Local	-	15,180
Total	**2,35,900**	**1,24,180**

27. Income Tax Expense

Income tax recognised in profit and loss

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Current income tax:		
Current income tax charge	3,86,41,721	4,44,01,744
Adjustment: Earlier Years	-87,57,877	-99,15,019
Deferred tax:		
In respect of the current year	1,46,35,202	4,99,38,040
Total	**4,45,19,046**	**8,44,24,765**

Reconciliation between tax expense and the accounting profit :

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Accounting profit before tax from continuing operations	18,10,62,905	20,80,52,552
Accounting profit before income tax	**18,10,62,905**	**20,80,52,552**
At India's statutory income tax rate of 21.3416%	3,86,41,721	4,44,01,744
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Less Deduction under Section 90/91	-	-
Add: Additional Provision made on account of deduction in Section 90/91	-	-
Add: Adjustment for taxes of Prior Periods	-87,57,877	-99,15,019
Add: Deferred tax liabilties recognised	1,46,35,202	4,99,38,040
At the effective income tax rate of 24.59% (31 March 2017 : 40.58%)	**4,45,19,046**	**8,44,24,765**
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	**4,45,19,046**	**8,44,24,765**
Total	**4,45,19,046**	**8,44,24,765**

28. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI by each type of reserve in equity is shown below

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Remeasurements of defined benefit plans	-8,375	-
Tax component of remeasurements of defined benefit obligation	2,898	-
Total	**-5,477**	**-**

29. Earnings per share (EPS)

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

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Basic EPS	2.10	1.90
Diluted EPS	2.10	1.90

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic EPS computations:-

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Profit attributable to equity holders of the parent:		
Continuing operations	**13,65,43,859**	12,36,27,787
Discontinued operation	-	-
Profit attributable to equity holders for Basic Earning Per Share	**13,65,43,859**	12,36,27,787
Interest on convertible preference shares	-	-
Profit attributable to equity holders of the parent adjusted for the effect of dilution	**13,65,43,859**	12,36,27,787

The following reflects the income and share data used in the basic EPS computations:-

(Figures in Rs.)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Weighted average number of Equity shares for basic EPS*	6,50,00,000	6,50,00,000
Effect of dilution:		
Share Options	-	-
Convertible preference shares	-	-
Weighted average number of Equity shares adjusted for the effect of dilution*	**6,50,00,000**	**6,50,00,000**

* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorization of these financial statements.

NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES

30. Contingent liability/Asset consists of amounts not provided for:

a Claims against the company not acknowledged as debt **Rs. Nil** (Rs. Nil).

b. Total Direct Tax Disputed demands under appeal amounting to **Rs. 15,27,42,010/-** (Rs 5,14,41,170)

c. There are some cases relating to employees/other are pending in the court against the company in respect of which the liability is not ascertainable.

31. Capital Commitment:

a. Procurement of Plant & Machinery

As per BOD Approval vide item No 10/15 Dated 20.02.2015, the company has raised their Share Capital to the tune of **Rs 25,00,00,000** to procure old Track Machines from Different Zonal Railways of India & make them operational for helping in Capacity Building of the company in infrastructure sector. Total Estimated approved Expenditure is Rs. 25,00,00,000 out of which **Rs. 2,17,15,638** (as at 31st March 2017 Rs.1,99,88,399) has been carried out upto 31 March 2018.

32. a. Some of the balances shown under debtors, advances and creditors are subject to confirmation / reconciliation/ adjustment, if any. The Company has been sending letters for confirmation to parties included in the above.

b. Goods and Service Tax (GST), Sales tax (including TDS), Value added tax (VAT), Service Tax and Income tax (including TDS) shown under advances are subject to confirmation/reconciliation/adjustment, if any.

c. In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.

33. a. The Company has send letters to their suppliers to check whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) or Not. Company has find that only some supplier are covered under the Micro, Small and Medium Enterprises Development Act, 2006 but there are no amounts due to Micro, Small and Medium Enterprises as on 31st March 2018 and 31st March 2017.

b. The company has not received any information from any of its suppliers of their being a 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 **Rs NIL** and 31st March 2017 (Rs NIL).

34. Foreign Exchange Earning & Outgo :

a) CIF Value of Imports :

(Figures in Rs.)

Particulars	2017-18	2016-17
Materials/ Machinery	-	-
Consumables, Components and Spares	**2,50,000**	14,23,795
TOTAL	**2,50,000**	14,23,795

b) Earnings in foreign currency:

(Figures in Rs.)

Particulars	2017-18	2016-17
Work Receipts	**1,91,71,252**	4,88,26,721
Bank Interest	**1,543**	13,063
Other Interest	**0.00**	0.00
Foreign Exchange Fluctuation Gain (Net)	**1,92,110**	0.00
Others	**2,21,693**	0.00
TOTAL	**1,95,86,598**	**4,88,39,784**

c) Expenditure in foreign currency:

(Figures in Rs.)

Particulars	2017-18	2016-17
Operational Expenses	**2,50,000**	83,27,000
Consultancy charges	**0.00**	0.00
Foreign Exchange Fluctuation Loss (Net)	**0.00**	10,06,093
Administrative & Other Expenses	**1,53,55,316**	2,95,46,286
TOTAL	**1,56,05,316**	**3,88,79,379**

35. a. For regular Employees P.F contribution, gratuity, leave encashment & other retirement benefits has been accounted in terms of Ind AS-19.

b. Company has also employed certain employee on Short term contract basis for various projects. As per contract of Appointment, the Contract Employees are only entitled for the Leave salary and no other retirement benefits are payable to them. However, Provision of Leave Salary has been provided in the books of accounts.

c. Provident Fund Contribution of the employees of IrconISL on regular/ contract basis has been regularly deposited by the company to Employees Provident Fund Organisation.

d. Provision amounting to **Rs. 3,29,990/-** has been made by the Company in respect of 3rd Pay revision Arrears as per DPE Guidelines of regular employees of the Company as the same is being already implemented in its Holding Company and is under process of Implementation in the company. It has been recommended by Nomination & Remuneration Committee for approval to the Board of Directors of the Company.

e. Some Officials working for Ircon Infrastructure & Services limited are posted on deputation basis and are on the rolls of Ircon International Limited (Holding Company). Their P.F contribution, gratuity, leave encashment & other retirement benefits have been accounted for on the basis of Advices from its Holding company. The provision for Gratuity & other Retirement Benefits of employees on deputation in terms of Ind AS-19 is being made by its Holding company as per accounting policy (Note No -2, Point No.2.21.)

f. Provident Fund Contribution of the employees on deputation has been regularly deposited by the holding company with its P.F Trust.

36. Disclosure As Per Ind AS-19(Employee Benefit)

Economic Assumptions

Particulars	31-03-18	31-03-17
i) Discounting Rate	**7.80**	7.50
ii) Future salary Increase	**8.00**	8.00

Demographic Assumption

i)	**Retirement Age (Years)**	**60**	**60**
ii)	Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
iii)	Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
	Up to 30 Years	3	3
	From 31 to 44 years	2	2
	Above 44 years	1	1
iv)	Leave	80	106
	Leave Availment Rate	2.50%	2.50%
	Leave Lapse Rate while in service	Nil	Nil
	Leave Lapse rate on exit	--	--
	Leave Encashment Rate while in services	--	--

a. Planed Liability

S.No	Particulars	Gratuity	
	Date Ending	**31-03-18**	**31-03-17**
(i)	Present value of obligation as at the end of the period	**1,11,783**	51,914

S.No	Particulars	Leave Encashment	
	Date Ending	**31-03-18**	**31-03-17**
(i)	Present value of obligation as at the end of the period	**1,54,417**	96,749

b. Service Cost

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Current Service Cost	**47,600**	38,544	**65,686**	71,750
b)	Past Service Cost including curtailment Gains/Losses	--	--	--	--
c)	Gains or Losses on Non routine settlements	--	--	--	--
d)	**Total**	**47,600**	**38,544**	**65,686**	**71,750**

c. Net Interest Cost

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Interest Cost on Defined Benefit Obligation	**3,894**	929	**7,256**	1,197
b)	Interest Income on Plan Assets	-	-	-	-
c)	Net Interest Cost (Income)	**3,894**	929	**7,256**	1,197

d. Table showing Change in Benefit Obligation

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Present value of obligation as at the beginning of the period	**51,914**	12,388	**96,749**	15,965
b)	Acquisition Adjustment at the beginning of the period	-	-	-	-
c)	Interest Cost	**3,894**	929	**7,256**	1,197
d)	Service Cost	**47,600**	38,544	**65,686**	71,750
e)	Past Service Cost Including curtailment Gains/ Losses	-	-	-	-
f)	Benefits Paid	-	-	-	-
g)	Total Actuarial (Gain)/Loss on obligation	**8,375**	53	**(15,274)**	7,837
h)	Present value of obligation as at the End of the period	**1,11,783**	51,914	**1,54,417**	96,749

e. Actuarial (Gain)/Loss on Obligation

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-	-	-	-
b)	Actuarial (Gain)/Loss on arising from Change in Financial Assumption	**(7,985)**	-	**(10,624)**	-
c)	Actuarial (Gain)/Loss on arising from Experience Adjustment	**16,360**	53	**(4,650)**	7,837

f. Actuarial (Gain)/Loss on Plan Asset

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Expected Interest Income	-	-	-	-
b)	Actual Income on Plan Asset	-	-	-	-
c)	Actuarial gain /(loss) for the period on Asset	-	-	-	-

g. Balance Sheet and related analyses

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Present Value of the obligation at end	**1,11,783**	51,914	**1,54,417**	96,749
b)	Fair value of plan assets	-	-	-	-
c)	Unfunded Liability/provision in Balance Sheet	**(1,11,783)**	(51,914)	**(1,54,417)**	(96,749)
d)	Unfunded liability recognized in Balance Sheet	**(1,11,783)**	(51,914)	**(1,54,417)**	(96,749)

h. The amounts recognized in the income statement.

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Total Service Cost	**47,600**	38,544	**65,686**	71,750
b)	Net Interest Cost	**3,894**	929	**7,256**	1,197
c)	Net Actuarial (gain) /loss for the year on Asset	-	-	**(15,274)**	7,837
d)	Expense recognized in the Income Statement	**51,494**	39,473	**57,668**	80,784

i. Other Comprehensive Income (OCI)

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Net cumulative unrecognized actuarial gain/(loss) opening	-	-	-	-
b)	Actuarial gain / (loss) for the year on PBO	**(8,375)**	(53)	-	-
c)	Actuarial gain /(loss) for the year on Asset	-	-	-	-
d)	Unrecognized actuarial gain/(loss) at the end of the period	**(8,375)**	(53)	-	-

j. Change in plan assets

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Fair value of plan assets at the beginning of the period	-	-	-	-
b)	Actual return on plan assets	-	-	-	-
c)	Employer contribution	-	-	-	-
d)	Benefits paid	-	-	-	-
e)	Fair value of plan assets at the end of the period	-	-	-	-

k. Major categories of plan assets (as percentage of total plan assets)

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Government of India Securities	-	-	-	-
b)	State Government securities	-	-	-	-
c)	High Quality Corporate Bonds	-	-	-	-
d)	Equity Shares of listed companies	-	-	-	-
e)	Property	-	-	-	-
f)	Funds Managed by Insurer	-	-	-	-
g)	Special Deposit Scheme	-	-	-	-
h)	Bank Balance	-	-	-	-
	Total	-	-	-	-

l. Change in Net Defined Benefit Obligation

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-3-17	31-03-18	31-03-17
a)	Net defined benefit liability at the start of the period	**51,914**	12,388	**96,749**	15,965
b)	Acquisition Adjustment	-	-	-	-
c)	Total Service Cost	**47,600**	38,544	**65,686**	71,750
d)	Net Interest cost (Income)	**3,894**	929	**7,256**	1,197
e)	Re-measurements	**8,375**	53	**(15,274)**	7,837
f)	Contribution paid to the Fund	-	-	-	-
g)	Benefit paid directly by the enterprise	-	-	-	-
	Net defined benefit liability at the end of the period	**1,11,783**	51,914	**1,54,417**	96,749

m. Bifurcation of PBO at the end of year in current and non current.

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Current liability (Amount due within one year)	**116**	51	**3,421**	5,038
b)	Non-Current liability (Amount due over one year)	**1,11,667**	51,863	**1,50,996**	91,711
	Total PBO at the end the period	**1,11,783**	51,914	**1,54,417**	96,749

n. Expected contribution for the next Annual Reporting period .

S.No	Particulars	Gratuity		Leave Encashment	
		31-03-18	31-03-17	31-03-18	31-03-17
a)	Service Cost	**53,742**	43,414	**71,852**	78,443
b)	Net Interest Cost	**8,719**	3,894	**12,045**	7,256
	Expected Expense for the next Annual Reporting period	**62,461**	47,308	**83,897**	85,699

o. Sensitivity Analysis of the defined benefit obligation.

i. Impact of the change in discount rate

S.No	Particulars	Gratuity	Earned Leave
	Present Value of Obligation at the end of the period	**1,11,783**	**1,54,417**
a)	Impact due to increase of 0.50 %	(11,924)	(15,866)
b)	Impact due to decrease of 0.50 %	13,690	18,216

ii. Impact of the change in salary increase

S.No	Particulars	Gratuity	Earned Leave
	Present Value of Obligation at the end of the period	**1,11,783**	**1,54,417**
a)	Impact due to increase of 0.50 %	13,596	18,089
b)	Impact due to decrease of 0.50 %	(11,955)	(15,907)

37. The Company has taken a loan of **Rs. Nil** (FY 16-17- Nil) from its Holding Company. During the year ended 31st March 2018 a sum of **Rs. 22,92,00,000** (as at 31st March 2017 Rs. 4,58,00,000) have been repaid and Outstanding Loan comes to **Rs. NIL** (as at 31st March 2017 Rs. 22,92,00,000). Interest was paid on the loan for the period ended on 31st March 18 is **Rs. 1,19,16,642** (F.Y 16-17 Rs.2,63,38,830).

38. a. Ministry of Railways vide railway Budget 2009-10 announced development of Multi Functional Complexes (MFC's) at identified sites to be undertaken by IRCON International limited (IRCON) and Rail Land Development Authority (RLDA) jointly.

    b. Accordingly Memorandum of Understanding (MOU) was signed on 21.8.2009 between IRCON and RLDA. In terms of Memorandum of Understanding signed between IRCON and RLDA on 21st August 2009, the development, operation and maintenance of the Multi functional Complexes is to be done by wholly owned subsidiary (WOS) of IRCON. Further, the lease agreement for the MFC's was signed between RLDA and WOS i.e., Ircon Infrastructure and Services limited on 04-07-2013.

    c. All the expenditure directly or indirectly relating to construction activity are capitalized and is valued at cost. Indirect Expenditure /Incidental Expenditure during the construction period is capitalized as cost to the extent to which the expenditure is directly related to construction or is incidental thereto.

    d. All the MFC Projects has been capitalized and all the operating expenses & interest on Loan has been charged to the Profit & Loss Account during the year under consideration (which was earlier capitalized to various projects).

    e. The company has Sub- leased 23 MFCs till date out of which 6 MFCs i.e. Mysore, Thiruvalla, Hyderabad, Kannur, Madurai and Bilaspur were terminated due to non- payment of dues as on 31-03-2018.

    f. For the same, company has received/receivable one-time down payment and monthly rental from the Sub-lessee. The total revenue recognize under lease is **Rs. 14,82,77,654** (FY 16-17 Rs. 13,66,23,588). The one-time down payment received / receivable from sub-lessee are recognized as income in the statement of profit and loss on straight-line basis over the lease term on pro-rata basis.

39. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 26.12.2012, IrconISL has been awarded the work of "Supply of Manpower" to IRCON's Srilanka Project on Man-day rate basis. The revenue from the same is **Rs. NIL** (F.Y 2016-17 Rs. 1,36,63,736). Expenditure incurred on the same is **Rs. NIL** (F.Y 2016-17 Rs.63,98,466). The contract was completed during the last year i.e. F.Y. 2016-17.

40. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 31.03.2015, IrconISL has leased out "Duomatic Tamping Machine" to IRCON's Srilanka Project on Hire Charges w.e.f. 23.11.2013. The revenue from the same is **Rs. NIL** (F.Y 16-17 Rs. 1,69,12,324). Expenditure incurred on the same is **Rs. 38,42,497** (F.Y 16-17 Rs. 3,09,42,072). The Contract was completed during the last year i.e. F.Y. 2016-17. The Machinery was already repatriated to india for further business.

41. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 01.04.2013, IrconISL has been awarded the work of "Supply of Manpower" to IRCON's Malaysia Project on Man-day rate basis. The revenue from the same is **Rs. 48,16,293** (F.Y 2016-17 Rs. 82,45,215). Expenditure incurred on the same is **Rs. NIL** (F.Y 16-17 Rs. 4,448).

42. The Holding company has handed over the possession of EMP Lab along with assets at Jammu to the company for operation & Maintenance of EMP Lab. The Company has incurred an expense of **Rs. 9,68,315** (F.Y 2016-17 Rs. 13,46,643) on operation & Maintenance of EMP Lab at Jammu during the year, which is charged to Profit & Loss account.

43. The company has secured and execute the work of construction of toilets block Swachh Bharat Abhiyan as Project Management Consultants on cost plus basis from various clients. The revenue booked under these projects and CSR work of various clients other than Ircon International Limited is **Rs. 1,58,40,787** (F.Y 2016-17 Rs. 5,53,87,588).

44. a. As per Agreement between Ministry of External Affairs (M.E.A.) and Ircon Infrastructure & Services Limited (IrconISL) dated 09.03.2017, IrconISL has been awarded the work of Project Management Consultancy Services for the Construction of Two Lane Road from Paletwa to India Myanmar Border in Myanmar.

    b. As per Agreement between Ministry of External Affairs (M.E.A.) and Ircon Infrastructure & Services Limited (IrconISL) dated 26.10.2017, IrconISL has been awarded the work of Project Management Consultancy Services for the Construction of 69 Bridges including Approach Roads on the Tamu-Kyigone-Kalewa (TKK) Road Section of the Trilateral Highway in Myanmar.

    c. For both the above Projects IrconISL has established one representative Branch office in Yangoon, Myanmar. The revenue from both of the above projects in Myanmar is accounted for and received in India. Hence no provisions for taxes is made in Myanmar Branch books.

45. **New Secured project During the Year 2017-18**

    a. As per Agreement between Ministry of External Affairs (M.E.A.) and Ircon Infrastructure & Services Limited (IrconISL) dated 26.10.2017, IrconISL has been awarded the work of Project Management Consultancy Services for the Construction of 69 Bridges including Approach Roads on the Tamu-Kyigone-Kalewa (TKK) Road Section of the Trilateral Highway in Myanmar.

    b. As per Agreement between Lands Port Authority of India (LPAI) and Ircon Infrastructure & Services Limited (IrconISL) dated 17.10.2017, IrconISL has been awarded the work of Project Management Consultant for Construction of Barrack Accommodation for security personnel at 07 Land Ports(ICPs) .

    c. As per Agreement between Navodaya Vidyalaya Samiti (NVS) and Ircon Infrastructure & Services Limited (IrconISL) dated 14.09.2017, IrconISL has been awarded the work of Project Management Consultant for Construction of Phase -A works at JNV , Sabarkantha (Gujarat) & JNV, Agar Malwa (Madhya Pradesh).

    d. As per Agreement between Haryana Vishwakarma Skill University(HVSU) and Ircon Infrastructure & Services Limited (IrconISL) dated 22.01.2018, IrconISL has been awarded the work of Project Management Consultant for Establishment of Haryana Vishwakarma Skill University at Dudhola, Palwal, Haryana.

    e. As per Agreement between Department of Science and Technology (DST) and Ircon Infrastructure & Services Limited (IrconISL) dated 10.11.2017, IrconISL has been awarded the work of Appointment of Project Management Consultant for construction of new State-of-Art Building of Department of Science & Technology at Technology Bhawan, New Mehrauli Road, New Delhi.

    f. As per Agreement between Container Corporation of India (CONCOR) and Ircon Infrastructure & Services Limited (IrconISL) dated 25.10.2017, IrconISL has been awarded the work of Engagement of Detailed Engineering & Project Supervision for setting up a MMLP Container Terminal at Paradip Port (Odisha).

g. During the year, company has also secured some CSR and Swachh Bharat Abhiyan Projects from Power grid Corporation of India(PGCIL).

46. Disclosure regarding leases:

The Company has not taken any assets on operating lease.

a. **Operating Leases for Multi-Functional Complexes:**

i. The Company has Sub – Leased 23 (Twenty Three) MFCs to the various sub- lessees out of which, sub – lease agreement of 6 MFC's at Kannur, Hyderabad, Bilaspur, Thiruvalla, Madurai and Mysore has been terminated as on 31-03-2018.

ii. Future minimum lease rental Payable / receivable under non- cancellable lease are as under:

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Receivable	**18,33,89,342.00**	**1,04,89,11,766.00**	**7,62,80,57,960.00**
	(17,19,52,736.00)	(80,21,07,877.00)	(8,95,34,91,413.00)
Payable	**NIL** (NIL)	**NIL** (NIL)	**NIL** (NIL)

b. **Disclosure of Depreciation/ Amortisation in respect of leased MFCs for the year:**

Particulars of assets	**2017-18**	**2016-17**
Gross carrying amount of Assets	**75,44,83,701**	97,27,37,423
Accumulated Depreciation/ Amortisation	**5,97,04,415**	5,34,58,175

Particulars	**2017-18**	**2016-17**
Depreciation/ Amortisation for the year	**2,05,45,422**	1,99,40,793

47. Related Party Disclosures:

a. The entire Equity Share Capital of the Company is held by Ircon International Limited, Holding company.

b. Relation and name of the related parties are:

Nature of Relationship		Name of the Related Party
i. Holding Company		Ircon International Limited
ii. Key Management personnel:	Directors:	Shri Hitesh Khanna **(Resigned on 28th March 2018)** Shri Surajit Dutta, Shri A K Goyal, Shri A K Gupta **(Resigned on 25th Jan 2018)** Shri Parag Verma (**Joined on 5th April 2018**) and Shri M K Singh **(Joined on 10th April 2018)**
	Others:	Shri C.K. Nayar (CEO), Shri Aniket Khetrapal (CFO), Ms. Deepshikha Gupta (Company Secretary): **Cessation on 31st May 2018**

c. Remuneration to Key management personnel are as under:

S.No	Particulars	2017-18	2016-17
a)	Short-Term benefits	**62,33,151**	58,00,165
b)	Post-employment benefits*	**30,26,342**	4,81,176
c)	Other long-term benefits	-	-
	Total	**92,59,493**	**62,81,341**

***Refer Note :- 35**

The Directors of the Company are appointed /nominated by Holding Company and no remuneration is paid by the Company. Hence remuneration of Chief Executive Officer, Chief Financial Officer & Company Secretary has been shown above

d. Related Party Transactions

Particulars	Transactions		Outstanding Amount	
	2017-18	2016-17	**2017-18**	2016-17
Remuneration to Key management personnel (c above)	As per Note no 47(c)		**44,000**	42,853
Amount payable against Services & Purchase of Goods from Holding Company	**16,10,867**	48,64,195	**0.00**	4,22,852

Reimbursement of Expenses i.e. remuneration to staff as salary & Wages, PF contribution, travelling, etc.	**1,03,78,490**	1,06,55,778	**1,01,37,156**	52,34,189
Revenue income from Holding company	**48,16,293**	3,88,21,060	**3,91,12,558**	6,49,35,613
Loan from Holding Company*	**(22,92,00,000)**	(4,58,00,000)	**0.00**	22,92,00,000
Interest payable on Loan taken from Holding company	**1,19,16,642**	2,63,38,830	**0.00**	(1,04,960)

* During the year Company has taken a loan of **Rs Nil** and repaid **Rs 22,92,00,000.**

48. The Company has inventory as at 31st March 2018 amounting of **Rs. 33,583** (as at 31st March 2017 Rs 22,601).

49. The Company has carried out the assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realizable value and carrying cost during the period ended on 31st March 2018. The impairment loss is **Rs. Nil** (F.Y 2016-17 Rs. Nil).

50. i. Gross amount required to be spent by the Company on CSR as per Section 135 of the Companies Act 2013 during the period is Rs. **12,31,000** (F.Y 16-17 (Rs 2,63,000).

ii. The Company has spent Rs **12,56,000** (F.Y 16-17 Rs 2,71,300) as against required amount of Rs **12,31,000** (F.Y 16-17 Rs 2,63,000) on Corporate Social Responsibility (CSR) Activities.

'Break up of expenditure incurred is as follows:

Description	2017-18	2016-17
Supply of Water cooler and Water Purifier	**12,56,000**	NIL
Promoting Education	**NIL**	2,71,300
TOTAL	**12,56,000**	**2,71,300**

51. The Company does not see any material foreseeable losses on any long term contracts entered by the Company, therefore no provision is required in this respect. Further the company has not entered into any derivative contracts during the period under consideration.

52. Segment Reporting:

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker.

Accordingly, the Company has identified five operating reporting segments based on Consultancy of Project, Supply of Manpower, Sub Leasing of MFCs, and Leasing of Plant & Machinery & Other operating Revenue, two operating reporting segments based on geographic location of the project viz. Domestic & International.

(Figures in Rs.)

Particulars	International		Domestic		Total	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
A. Turnover						
Revenue from Operations	**13,45,03,637**	19,00,73,247	**18,90,47,756**	21,97,49,176	**32,35,51,393**	40,98,22,423
Other Income	**13,35,413**	13,063	**6,62,97,734**	6,25,38,038	**6,76,33,147**	6,25,51,101
Inter-segment						
Total Revenue	**13,58,39,050**	19,00,86,310	**25,53,45,490**	28,22,87,214	**39,11,84,540**	47,23,73,524
B. Result						
Profit before Provision, Depreciation, Interest and Tax.	**10,12,35,633**	15,15,99,858	**13,93,78,316**	15,71,58,194	**24,06,13,949**	30,87,58,052
Less: Provision & write backs (Net)	-	1,35,00,000	**59,01,420**	2,46,98,235	**59,01,420**	3,81,98,235
Depreciation	**35,85,839**	1,58,41,699	**3,81,47,143**	2,03,26,736	**4,17,32,982**	3,61,68,435
Interest	-	-	**1,19,16,642**	2,63,38,830	**1,19,16,642**	2,63,38,830
Profit Before Tax	**9,76,49,794**	12,22,58,159	**8,34,13,111**	8,57,94,393	**18,10,62,905**	20,80,52,552
Tax Expense	**2,40,09,753**	4,96,10,621	**2,05,09,293**	3,48,14,144	**4,45,19,046**	8,44,24,765
Profit After Tax	**7,36,40,041**	7,26,47,538	**6,28,98,342**	5,09,80,249	**13,65,38,383**	12,36,27,787
C. Other Information						
Assets	**4,05,13,508**	12,33,30,541	**2,03,24,44,285**	1,89,78,83,801	**2,07,29,57,793**	2,02,12,14,342
Include Fixed Assets (Net Block)	**5,42,629**	8,29,51,950	**98,57,22,289**	94,15,60,705	**98,62,64,918**	1,02,45,12,655
Liabilities	**4,22,011**	1,51,58,345	**78,90,06,802**	85,90,65,400	**78,94,28,812**	87,42,23,745
Capital Expenditure: Additions to Fixed Assets	**7,92,629**	-	**26,95,324**	2,14,58,308	**34,87,953**	2,14,58,308

Particulars	Operating Income		Segment Assets		Additions to Fixed Assets	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Consultancy Projects	**15,50,24,209**	18,38,38,761	**11,34,43,965**	20,09,07,237	**5,42,629**	-
Supply of Manpower	**48,16,293**	2,19,08,951	**3,87,87,561**	2,51,00,778	-	-
Sub- Leasing of MFCs	**14,82,77,654**	13,66,23,588	**1,12,43,89,613**	1,17,89,22,375	-	-
Leasing of Plant & Machinery	-	1,69,12,324	**8,99,50,747**	8,85,18,148	**17,27,239**	-
Others	**1,54,33,237**	5,05,38,799	**70,63,85,907**	52,77,65,804	**12,18,085**	2,14,58,308
Total	**32,35,51,393**	**40,98,22,423**	**2,07,29,57,793**	**2,02,12,14,342**	**34,87,953**	**2,14,58,308**

53. Capital management

The company objective to manage its capital in a manner to ensure and safeguard their ability to continue as a going concern so that company can continue to provide maximum returns to share holders and benefit to other stake holders.

Further, company manages its capital structure to make adjustments in light of changes in economic conditions and the requirements of the financial covenants. No changes were made in the objectives, policies or processes of managing capital for the Year ended 31st March 2018.

54. Fair Value measurements

a. Financial Instruments by Category

Particulars	As at 31st March 2018			As at 31st March 2017		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
Financial Assets						
(i) Trade Receivables	-	-	**38,12,87,981**	-	-	36,28,49,796
(ii) Cash and Cash Equivalents	-	-	**12,98,74,843**	-	-	36,09,92,227
(iii) Bank Balances other than (ii) above	-	-	**41,72,05,605**	-	-	19,36,41,582
(iv) Loans and Advances			**5,63,500**			5,80,327
(v) Other Financial Assets	-	-	**5,95,32,272**	-	-	2,21,09,572
Total Financial Assets	-	-	**98,84,64,201**	-	-	94,01,73,504
Financial Liabilities						
(i) Borrowings	-	-	-	-	-	22,92,00,000
(ii) Trade payables	-	-	**1,00,07,606**	-	-	72,92,738
(iii) Other Financial Liabilities	-	-	**5,11,96,653**	-	-	7,24,78,444
Total Financial Liabilities	-	-	**6,12,04,259**	-	-	30,89,71,182

b Assets and liabilities which are measured at amortized cost for which fair values are disclosed.

Fair Value Hierarchy

Particulars	As at 31st March 2018		As at 31st March 2017	
	Carrying Value	Fair value	Carrying Value	Fair value
Financial Liabilities				
Borrowings	-	-	18,34,00,000	18,34,00,000
Other Financial Liabilities	3,50,469	3,50,469	-	-
Total Financial Liabilities	**3,50,469**	**3,50,469**	18,34,00,000	18,34,00,000

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

i. The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other short term receivables and payables are considered to the same as their fair values, due to short term nature.

ii. Long term financial assets & liabilities 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 financial instruments are not materially different from their carrying amount.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. Derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

55. Financial Risk Management

The Company's principal financial liabilities comprise Trade and other payables. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operation. The Company's principal financial assets include trade and other receivables and cash and cash equivalents that derive directly from its operations.

The Company is expose to market risk, credit risk and liquidity risk. The company financial risk activities are governed by appropriated policies and procedures and that financial risk are identified, measured and managed in accordance with the companies policies and risk objectives. The board of directors reviews and agrees policies for managing each of these risk, which are summarized below:-

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 loans and borrowing, deposits 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.

c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The company is exposed to credit risk from its financial activities including trade receivable, deposits with banks, financial institutions and other financial instruments.

d) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the companies policy. Investment of surplus are made only with approved with counter party on the basis of the financial quotes received from the counter party.

e) Liquidity risk

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

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

The working capital position of the Company is given below:

Particulars	As at 31st March 2018	As at 31st March 2017
Cash and cash equivalent	**12,98,74,843**	36,09,92,227
Bank Balance	**41,72,05,605**	19,36,41,582
Inventories	**33,583**	22,601
Loans & advances	**5,63,500**	5,80,327
Trade Receivables	**38,12,87,981**	36,28,49,796
Other Current Assets	**2,32,73,656**	2,66,43,585
Other Financial Assets	**2,14,04,084**	2,16,79,005
Total Assets (A)	**97,36,43,252**	96,64,09,123
Less:		
Borrowings	-	4,58,00,000
Financial Liability	**6,08,53,790**	7,97,71,182
Other Current Liabilities	**22,82,19,857**	4,97,05,275
Total Liabilities (B)	**28,90,73,647**	17,52,76,457
Working Capital (A-B)	**68,45,69,605**	79,11,32,666

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	-	-	-
Trade payables	**1,00,07,606**	-	-
Other financial liabilities	**5,08,46,184**	-	3,50,469
Particulars	**As on 31 March, 2017**		
	Less than 1 Year	**1-2 years**	**2 Years and above**
Borrowings	4,58,00,000	-	-
Trade payables	72,92,738	-	-
Other financial liabilities	7,24,78,444	-	-

56. 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 with next financial year.

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 it is not feasible, a degree of judgement is required in 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.

57. Approval of financial statement

The financial statements were approved for issue by the Board of Directors on **01st August 2018.**

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
CA Tarun Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Surajit Dutta**	**M. K. Singh**
Partner	**C.F.O.**	**C.E.O**	**Director**	**Chairman**
M. No. 095949			**(DIN-06687032)**	**(DIN-06607392)**

Place : New Delhi
Date :1st August 2018

Auditors' Report

REVISED INDEPENDENT AUDITORS' REPORT

To The Members of
Ircon Infrastructure & Services Limited
New Delhi

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **M/s Ircon Infrastructure & Services Limited ("the Company"),** which comprise the Balance Sheet as at **31/03/2018,** the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of cash flow and statement of changes in equity for the year then ended, and a summary of the 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 31/03/2018, supersedes our earlier report dated 01/08/2018 U/s 143 of the Companies Act, 2013.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit and loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 standalone financial statements based on our audit. We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and the Rules made these under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the

risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at **31/03/2018,** and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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, statement of changes in equity & the cash flow statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on **31/03/2018** taken on record by the Board of Directors, none of the directors is disqualified as **31/03/2018** 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".**

(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 Ind AS financial statements. - **Refer Note No. 30 to the financial statements.**

ii. The Company has made provision, as required under the applicable law and did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

FOR KAPOOR GOYAL & CO.
(Chartered Accountants)
Reg No. :001370N

Sd/-
Tarun Kapoor
(Partner)
M.No. : 095949

Place: New Delhi
Date: 26.08.2018

Annexure A to the Independent Auditors Report

Reports under The Companies (Auditor's Report) Order, 2016 (CARO 2016) for the year ended on 31st March 2018

To,
The Members of Ircon Infrastructure & Services Limited

(i) In Respect of Fixed Assets

(a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme, which in our opinion, is reasonable, looking to the size of the company and the nature of its business. No material discrepancies were noticed on such verifications.

(c) The title of deeds of immoveable properties are held in the name of the company.

(ii) In Respect of Inventories

As explained to us, the inventory of Consumable & Stationery has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable.

(iii) Compliance under section 189 of The Companies Act, 2013

According to information and explanation given to us by the management and records produced, the company had not granted any loans, secured or unsecured, to any companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Thus, clause (iii) (a), (iii) (b), (iii) (c) of paragraph 3 of the Order are not applicable to the Company.

(iv) Compliance under section 185 and 186 of The Companies Act, 2013

In respect of loans, investments, guarantees and security the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

(v) Compliance under Section 73 to 76 of The Companies Act, 2013 and Rules framed thereunder while accepting Deposits

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits in contravention of Directives issued by Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vi) Maintenance of cost records

To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for the products of the company.

(vii) Deposit of Statutory Dues

(a) According to the information and explanations given to us by the management and on the basis of our examination of the records of the company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, Value added tax, Cess, Goods & Services Tax and any other material statutory dues have generally been regularly deposited during the year by the Company, with the appropriate authorities and there is no undisputed dues as at 31st March 2018 for a period of more than six months from the date they became payable except labour cess of INR 13159/- .

(b) According to the information and explanations given to us, no disputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues except detailed here below: -

Disclosure to Point No : 7(b)

Related To	Authority where Pending	Assessment Year	Disputed Amount
Income Tax Act, 1961 Penalty U/s 271(1)(c)	Commissioner of Income (Appeals)	2014-15	5,14,41,170
Income Tax Act, 1961 Assessment U/s 143(3)	Commissioner of Income (Appeals)	2015-16	10,13,00,840

(viii) Repayment of Loans and Borrowings

In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to the banks. The Company did not have any outstanding dues to any financial institutions government or debenture holders during the year.

(ix) Utilization of money raised by Public Offers and Term Loan for which they raised

The company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Hence this clause is not applicable.

(x) Reporting of Fraud during the Year

Based on our audit procedures and the information and explanation made available to us no such fraud noticed or reported during the year.

(xi) Managerial Remuneration

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has pay managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) Compliance by Nidhi Company Regarding Net Owned Fund to Deposits Ratio

As per information and records available with us, the company is not Nidhi Company.

(xiii) Related party compliance with Section 177 and 188 of Companies Act - 2013

Yes, All transactions with the related parties are in compliance with section 177 and 188 of Companies Act,

2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) Compliance under Section 42 of Companies Act - 2013 regarding Private placement of Shares or Debentures

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

(xv) Compliance under Section 192 of Companies Act - 2013

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.

(xvi) Requirement of Registration under 45-IA of Reserve Bank of India Act, 1934

According to the information and explanations given to us, the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act,1934.

FOR KAPOOR GOYAL & CO.
(Chartered Accountants)
Reg No. :001370N

Sd/-
Tarun Kapoor
(Partner)
M.No. : 095949

Place: New Delhi
Date: 26.08.2018

Annexure B to the Independent Auditors' Report

Annexure referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Ircon Infrastructure & Services Limited, Company limited on the Ind AS 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.	According to information and explanations given to us by the management, the Company own land on leasehold basis and have a clear title of the same.
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.	According to 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 third parties & assets received as gift/grant(s) 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/grant(s) from government or other authorities.

FOR KAPOOR GOYAL & CO.
(Chartered Accountants)
Reg No. :001370N

Sd/-
Tarun Kapoor
(Partner)
M.No. : 095949

Place: New Delhi
Date: 26.08.2018

Annexure C to the Independent Auditors' Report referred to in paragraph 3(f) under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Ircon Infrastructure & Services Limited, Company limited on the Ind AS financial statements for the financial year ended on 31st March 2018

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

We have audited the internal financial controls over financial reporting of **Ircon Infrastructure & Services Limited ("the Company")** as on 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, 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 Institute of Chartered Accountants of India.

FOR KAPOOR GOYAL & CO.
(Chartered Accountants)
Reg No. :001370N

Sd/-
Tarun Kapoor
(Partner)
M.No. : 095949

Place: New Delhi
Date: 26.08.2018

C & AG Comments

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 INFRASTRUCTURE AND SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of **IRCON INFRASTRUCTURE AND SERVICES LIMITED** for the period ended 31st 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 Section139 (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 withthe 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 26.08.2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **IRCON INFRASTRUCTURE & SERVICES LIMITED** for the period ended 31st 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 and Auditor General of India

Sd/-
(B.R. Mondal)
Principal Director of Audit
Railway Commercial, New Delhi

Place: New Delhi
Date: 12.09.2018

INFRA & SERVICES

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