

# ANNUAL REPORT

2018-2019



## **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”**

## **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 MANAGERIAL PERSONNEL**

1. Chief Executive Officer : Mr. R.P Singh  
(w.e.f 1<sup>st</sup> February 2019)
2. Chief Financial Officer : Mrs Pooja Chaurasia  
(w.e.f 25<sup>th</sup> January 2019)
3. Company Secretary : Ms Manisha Gola  
(w.e.f 28<sup>th</sup> November 2018)

### **STATUTORY AUDITORS**

Kapoor Goyal & Co.  
Chartered Accountants  
G-1 Pooja Apartment, 4A, Ansari Road,  
Daryaganj- New Delhi-110002

### **SECRETARIAL AUDITORS**

K.K Singh & Associates  
Company Secretaries,  
384P, Sector-40,  
Gurgaon-122003

### **MAIN BANKER**

Indian Overseas Bank  
HDFC Bank

# **ANNUAL REPORT 2018-19**

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NOTICE FOR  
ANNUAL GENERAL  
MEETING

## **IRCON INFRASTRUCTURE & SERVICES LIMITED**

(A wholly owned subsidiary of Ircon International Limited, A Govt. of India Undertaking)

CIN: U45400DL2009GOI194792

Regd Office: Plot No. C-4, District Centre, Saket, New Delhi – 110017

Tel: 91-11-29565666 Fax:91-11-26854000

E-mail: [info@irconisl.com](mailto:info@irconisl.com) Web: www.irconisl.com

### **NOTICE FOR THE TENTH ANNUAL GENERAL MEETING**

**SHORTER NOTICE IS HEREBY GIVEN THAT the Tenth (10<sup>th</sup>) Annual General Meeting of Ircon Infrastructure & Services Limited (IrconISL) will be held at the Registered Office of IrconISL situated at C-4, District Centre, Saket, New Delhi-110017, on **Tuesday, the 27<sup>th</sup> August 2019, at 11:00 A.M.** to transact the following business :-**

#### **Ordinary Business:**

- (1) **To receive, consider and adopt the Directors' Report and the Financial Statements** for the year ended on 31<sup>st</sup> March 2019 along with the Auditors' Report and the comments of the Comptroller & Auditor General of India thereon, and pass, with or without modification(s), the following ordinary resolution: -

**“RESOLVED THAT** the Financial Statements for the year ended 31<sup>st</sup> March 2019 comprising Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit & Loss for the year ended 31<sup>st</sup> March 2019, Cash flow Statement for the year ended 31<sup>st</sup> March 2019 and the Statement of Changes in Equity along with Notes thereto and the Auditors' Report as well as comments of the Comptroller & Auditor General of India thereon and the Directors' Report along with its Annexures including Extract of Annual Return in Form MGT-9, Form AOC-2, Report on Corporate Social Responsibility (CSR) Activities, the Management Discussion & Analysis Report, Corporate Governance Report and Secretarial Audit Report as circulated to the members of the company and as laid before the meeting, be and are hereby approved and adopted.”

- (2) **To consider** and if thought fit, to pass with or without modification, the following ordinary resolution in respect of **Remuneration of Statutory Auditors of the Company for the Financial Year 2019-20: -**

**“RESOLVED THAT the Board of Directors of IrconISL be and is hereby authorized to fix, based on a recommendation to be made by the Audit Committee, the remuneration including out-of-pocket expenses of the Statutory Auditors of the Company as may be appointed by the Comptroller & Auditor General of India, for audit of financial statements of the Company for the financial year 2019-20, as well as to fix the auditors’ expenses for their visits to foreign projects for the purpose of audit.”**

**BY ORDER OF THE BOARD OF DIRECTORS**

**Place: New Delhi  
Dated: 07.08.2019**

**Sd/-  
(Manisha Gola)  
Company Secretary**

**NOTE:**

1. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY IN WRITING DULY SIGNED BY HIM/HER TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND A PROXY NEED NOT BE A MEMBER. **Form of Proxy is enclosed.**
2. As per the provisions of the Companies Act, 2013, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. A member holding more than 10% of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company provided that not less than 3 days of notice in writing of the intention to inspect is given to the Company.



4. Voting to be by show of hands in the first instance. Every member present in person shall have only one vote on a show of hands. Only when a poll is demanded under section 109, every such member shall have one vote for every share held by him/her.
5. Five members (shareholders) of the Company personally present throughout the meeting is the Quorum.
6. Route map including prominent landmark for easy location of the Registered Office (venue of the meeting) is annexed.
7. A form of Attendance slip is annexed with this Notice.
8. Pursuant to Section 139(5) of the Companies Act, 2013, the auditors of Government Company are appointed by the Comptroller & Auditor General of India (C&AG) and their remuneration is fixed by the Company in the Annual General Meeting or in such manner in Annual General Meeting may determine [section 142(1) of the Companies Act, 2013]. The shareholders may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2019-20 as may be deemed fit by the Board of Directors. Statutory Auditors for the financial year 2019-20 are yet to be appointed.
9. Relevant documents referred to in the accompanying notice are open for inspection by the Members at the registered office of the Company on all working days during business hours up to the date of Annual General Meeting.
10. **Members requested to bring their copies of Annual Report, Notice and Attendance slip duly completed and signed at the meeting.**
11. None of the Directors, KMP and their relatives are in any way concerned and interested in any of the ordinary business items.

- To:**
1. **All shareholders of the Company**
  2. **All Directors of the Company**
  3. **M/s Kapoor Goyal & Co, Chartered Accountants (Statutory Auditors)**
  4. **M/s K.K. Singh & Associates, Company Secretaries (Secretarial Auditor)**

**IRCON INFRASTRUCTURE & SERVICES LIMITED**  
**Plot No. C-4, District Centre, Saket, New Delhi - 110017**  
**CIN: U45400DL2009GOI194792**

**ATTENDANCE SLIP**

Name of the Member/ Proxy :

(In Block Letters)

Address of the Member/ Proxy :

Folio No. :

No. of Shares held :

I certify that I am a member/ proxy for the member of the Company.

I hereby record my presence at the 10<sup>th</sup> Annual General Meeting of the Company held on Tuesday, the 27<sup>th</sup> August, 2019 at 11:00 A.M. at C – 4, District Centre, Saket, New Delhi – 110017.

\_\_\_\_\_  
**Member's / Proxy's Signature**

**Note:**

Please fill and sign this attendance slip and hand it over at the entrance of the meeting.

**IRCON INFRASTRUCTURE & SERVICES LIMITED**

CIN: U45400DL2009GOI194792

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

**Form No. MGT 11 – PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member	:	_____
Registered address	:	_____
E-mail Id	:	_____
Folio No	:	_____

I, being the member holding \_\_\_\_\_ shares of Ircon Infrastructure & Services Limited (IrconISL), hereby appoint:

1. Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_

Address : \_\_\_\_\_ Signature : \_\_\_\_\_

or failing him / her

2. Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_

Address : \_\_\_\_\_ Signature : \_\_\_\_\_

or failing him / her

3. Name : \_\_\_\_\_ E-mail Id : \_\_\_\_\_

Address : \_\_\_\_\_ Signature : \_\_\_\_\_

as my proxy to attend and vote (on a poll) for me and on my behalf at the 10<sup>th</sup> Annual General Meeting of the company, to be held on Tuesday, the 27<sup>th</sup> August 2019, at 11:00 A.M. at Registered Office of IrconISL or at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolutions:**

- 1. To receive and adopt the Directors' Report and the Financial Statements for the year ended on 31<sup>st</sup> March 2019 with the Auditors' Report thereon.**
- 2. To consider Remuneration of Auditors of the Company for 2019-20.**

Signed this \_\_\_\_ day of August 2019

\_\_\_\_\_  
Signature of Shareholder

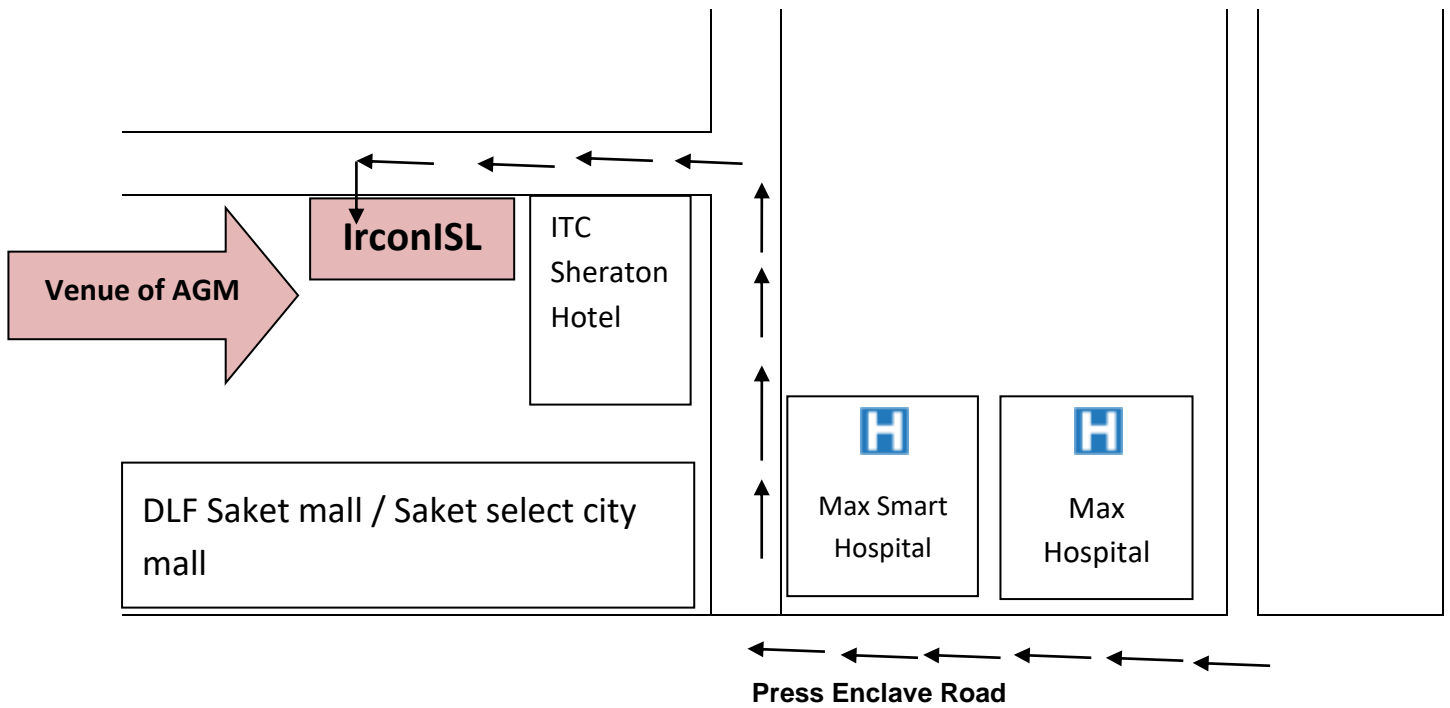
\_\_\_\_\_  
Signature of Proxy holder(s)

**Note:**

This form of proxy in order to be effective should be completed (i.e. duly filled, stamped, and signed) and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

**Affix  
Revenue  
Stamp**

**Route Map**  
**Ircon Infrastructure & Services Limited**  
**(IrconISL),**  
**Plot No. C-4, District Centre, Saket, New Delhi**  
**– 110017**



Map not to scale

**DIRECTORS'**  
**REPORT**



## **IRCON INFRASTRUCTURE & SERVICES LIMITED**

A wholly owned subsidiary of Ircon International Limited

### **DIRECTORS' REPORT**

#### **Distinguished Shareholders of IrconISL,**

The Directors of your Company have pleasure in presenting their 10<sup>th</sup> Annual Report of the affairs of the Company for the financial year 2018-19.

#### **1. FINANCIAL PERFORMANCE / HIGHLIGHTS**

##### **A. Financial Performance:**

During the financial year 2018-19, your Company has recorded a total operating income of Rs 70.64 crore, registering 118.26 % increase over previous year's operating income of Rs 32.36 crore. The increase in total operating income is majorly due to the execution of consultancy projects.

The Company has achieved Profit Before Tax of Rs 17.20. The Profit After Tax has increased to Rs 14.03 Crore over the Previous year of Rs 13.65 Crore.

The Earning Per Share for the financial year 2018-19 have increased to Rs 2.16 as compared to Rs 2.10 in the previous year. The increase has been on account of increase in profit after tax.

The net worth of the Company as on 31<sup>st</sup> March, 2019 is Rs 142.38 Crore.

##### **B. Financial Performance Indicators:**

Some important indicators of financial performance of the Company for the year 2018-19 vis – a – vis 2017-18 are given below:

(in crores)

<b>S. No.</b>	<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
1.	Authorized Share Capital	65.00	65.00
2.	Subscribed & Paid-up Share Capital	65.00	65.00
3.	Reserves & Surplus	77.38	63.35
4.	Capital Work-in-progress	2.23	2.17
5.	Total Revenue	76.42	39.12
6.	Revenue from Operations	70.64	32.36
7.	Profit before tax	17.20	18.11
8.	Profit after tax	14.03	13.65
9.	Net worth	142.38	128.35
10.	Earnings Per Share (Rs.)	2.16	2.10

### **C. Transfer to Reserve**

Your Company has transferred Rs 14,02,58,840/- to the Reserve during the financial year 2018-19.

### **D. Foreign Exchange Earnings & Outgo:**

Net Foreign Exchange earnings are Rs. – 31,52,097/- in 2018-19 on account of Manpower supply for Malaysia Projects and Algeria Project of Ircon and PMC projects in Myanmar. The figure is in negative because Myanmar Project Expenses have been incurred in Local Currency (Kyats) however payment have been received in Indian Currency (INR) from client i.e. Ministry of External Affairs (MEA).

### **E. 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 31<sup>st</sup> March 2019.

### **F. 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 2018-19, which is 100% held by IRCON INTERNATIONAL LIMITED.

## **2. OPERATIONAL PERFORMANCE**

- A.** Your Company had set up 24 MFCs at 23 Station namely Alleppey, Barddhaman, 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).

IrconISL has successfully sub-leased 23 MFCs to third parties. Out of these 23 sub-leased MFCs, the MFC at Tarapith, Rajgir and Thiruvalla were considered financially unviable and returned to Rail Land Development Authority (RLDA) in accordance with the terms of the agreements. Your company has terminated the sub-lease agreements of MFCs at Kannur, Rampurhaat and Mysuru due to non-payment of lease-rent and other dues by sub-lessee. The process for sub leasing the MFC at Rampurhaat has been restarted whereas the

petition has been filed by sub lessees against the termination of sub lease agreements of MFCs at Kannur and Mysuru before the respective High Courts.

**B. On-going Foreign Projects –**

Your Company is executing the following two projects in Myanmar -

- (a) 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.

The PMC agreement for the same was signed on 09.03.2017. EPC (Engineering, Procurement & Construction) contract was awarded to M/s. C&C-EPI JV [a Joint Venture of M/s. C&C Constructions Ltd. and M/s. Engineering Projects (India) Ltd.] and EPC agreement was signed on 31.03.2017. The work commenced on 31.05.2017 and is scheduled to be completed on 30.05.2020. The project is in difficult hilly terrain and there were delays in mobilization, submission of designs and shortage of funds on part of EPC Contractor. Works have also suffered intermittently on account of clashes between local ethnic groups and Myanmar Army, which has escalated from 01.01.2019. The physical progress of the project up to March, 2019 is 2.20 %.

- (b) 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 and EPC contract was awarded to M/s. NCSL-MTDCL JV [a Joint Venture of M/s. Niraj Cement Structurals Ltd. and M/s. Manipur Tribal Development Corporation Ltd.] and EPC agreement was signed on 08.11.2017. The work commenced on 28.11.2017 and was scheduled to be completed on 27.11.2020.

Due to Nil progress in 13 months of works and various other defaults made by EPC Contractor, MEA has terminated the EPC Contract on 24.12.2018. Contractor filed a



writ petition in Hon'ble High Court of Manipur on 29.12.2018 which was dismissed by court on 29.03.2019. The modality for retendering and execution of the works are under finalization with Ministry of External Affairs by IrconISL. Meanwhile the EPC Contractor has filed writ appeal in Division Bench of Manipur High Court challenging the High Court order dated 29.03.2019.

### **C. On-going Projects in India**

Your Company is executing the following four Indian projects –

- (a) Your Company is providing Project Management Consultancy for establishment of Shri Vishwakarma Skill University (SVSU) at Dudhola, Palwal, Haryana. The agreement for the same was signed on 22.01.2018 and the estimated value of the project is approx. Rs. 425 crores (including PMC fees). The physical progress of the project up to March, 2019 is 11.8%. The work has commenced on 18.10.2018 and is scheduled to be completed by January-2020.
- (b) Your Company is providing a Project Management Consultancy 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). The physical progress of the project up to March, 2019 is 9%. The work has commenced on 31.08.2018 and is scheduled to be completed by September-2021.
- (c) Your Company is also providing a Project Management Consultancy for construction of Barrack accommodation for security personnel at 07 Land Ports by Land Ports Authority of India (LPAI) namely, 1. Attari- Punjab, 2. Agartala-Tripura, 3. Raxual-Bihar, 4. Jogbani- Bihar, 5. Petrapole – West Bengal, 6. Dawki – Meghalaya, 7. Moreh – Manipur, having total project cost of approx. Rs. 197.64 crores (including PMC fees). The work commenced at Attari, Punjab on 12.11.2018. The physical progress of the project at Attari, Punjab up to March, 2019 is 8% and the project is scheduled to be completed by March-2020. The work has mobilized in other three locations Agartala-Tripura, Jogbani-Bihar & Dawki-Meghalaya and is scheduled to be completed by August 2020. Moreh location Financial Bid opened and work will be

awarded by end of May-2019. Raxual-Bihar & Petrapole-west Bengal locations Technical Bid evaluation under progress.

- (d) Your Company is also providing a Project Management Consultancy for construction of Multi Modal Logistic Park near Kadakola station, Mysuru District, Karnataka. The agreement for the same was signed on 20.01.2017. The total estimated cost of project is 93 Crores. The work has commenced on 27.08.2018. However, the work was stopped on 31.08.2018 due to land issue with local villagers, which is being looked in to by CONCOR.
- (e) Your Company is also providing a Project Management Consultancy 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. The physical progress of the project up to March, 2019 is 11%. The work has commenced on 26/10/2018 and is scheduled to be completed by November 2020.
- (f) Your Company is also 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. 29.09 crores (including PMC fees), respectively. The Sabarkantha project technical Evaluation is under progress and for Agarmalwa project technical bid opening date is 21.05.2019.

#### **D. New Projects in India**

During the financial year 2018-19, IrconISL has secured four new Project Management Consultancy projects viz.

- (a) Project Management Consultancy for Setting up a Multi Model Logistics Park at Bhaupur, Kanpur (U.P) for CONCOR, awarded on 11.06.2018 The estimated cost of the project is approx. Rs.108.36 crores. The work has not started due to land acquisition issue of CONCOR.

- (b) Project Management Consultancy for Setting up a Multi Model Logistics Park at Dahej, Gujarat - for CONCOR, awarded on 03.09.2018. The estimated cost of the project is approx. Rs. 201 crores. The work has commenced on 28.03.2019.
- (c) Project Management Consultancy for Replacement of CST-9 Sleepers with PRC Sleepers of MGR System of Stage-1 (2x210MW) at National Thermal Power Corporation (NTPC), Unchahar, U.P., awarded on 26.07.2018. The estimated cost of the project is approx. Rs.36.26. crores. Tender floated and the technical bid opened on 10.05.2019.
- (d) Project Management Consultancy for Construction of Infrastructure works at NDRF Academy at Nagpur, Agreement signed on 24.01.2019. The estimated cost of the project is approx. Rs. 74.34 crores. The tendering for Architect selection is under progress.

After the closure of the financial year 2018-19, your Company has secured a new project of Project Management Consultancy for Detailed Engineering & Project Supervision for Development of handling facilities for M/s IFFCO at MMLP Paradip Port Odisha awarded by CONCOR India Limited, on 08.05.2019. The total cost of project is Rs 98.50 Crore.

- E.** IrconISL is also undertaking the work of "Supply of Manpower" for Malaysia Project of Ircon. As on 31<sup>st</sup> March 2019, 03 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.
- F.** 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. During the Financial Year 2018-19, the said machine was deployed in Jayanagar Bardibas Rail Project for a period of 9 months i.e. from May 2018 to January 2019 and in February 2019 the same is deployed in Chhattisgarh East Rail Ltd. (CERL) project of Ircon International Limited.

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). The machines are to be reconditioned before deployment to any project.

### **3. COMPLIANCES**

#### **A. Presidential Directive**

One presidential Directive was received from Railway Board vide letter dated 24th November, 2017, for implementation of pay revision of below Board level executive of IrconISL w.e.f. 1st January, 2017. The same was implemented during the year.

#### **B. 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. As per the requirements of the RTI Act, necessary updated information including the names of Appellate Authority, Central Public Information Officer (CPIO), Assistant Public Information Officer (APIO) are posted on the IrconISL website. Queries received have been replied within the stipulated time.

During the year, the Company has received 12 queries out of which 07 were processed/disposed off and the rest were transferred to the respective authorities to which they were pertained.

#### **C. Memorandum of Understanding**

Your Company is given exemption from signing the Memorandum of Understanding with Ircon International Limited, holding company for the year 2019-20 in Inter Ministerial Committee Meeting held on 22<sup>nd</sup> April 2019 as the annual turnover of Revenue of Operation for financial year 2017-18 of the company was Rs 32.36 crore which is very less.

#### **BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**On the cessation of Mr. Hitesh Khanna (DIN 02789681) and Mr. A.K Gupta (DIN 07263307) from the directorship of the company w.e.f. 28.03.2018 and 25.01.2018 respectively, the following Directors are appointed during the Financial Year 2018-19.**

1	Mr. Parag Verma (DIN 05272169)	From 05.04.2018 onwards
2	Mr. M.K. Singh (DIN 06607392)	From 10.04.2018 onwards

**The details of Directors holding office as on date of this report are 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

Pursuant to the provisions of Section 203 of Companies Act 2013, which came into effect from 1<sup>st</sup> April 2014, the company has appointed 3 Key Managerial Personnel.

**The details of Key Managerial Personnel appointed during the Financial Year 2018-19 and holding office as on date of this report is as follows:**

1	Mr. Rana Pratap Singh Chief Executive Officer	From 01.02.2019 onwards
2	Ms. Pooja Chaurasia Chief Financial Officer	From 25.01.2019 onwards
3	Ms. Manisha Gola Company Secretary	From 28.11.2018 onwards

**The following Key Managerial Personnel ceased to hold office during the financial year 2018-19:**

1	Mr. C.K Nayar (as Chief Executive Officer)	w.e.f. 30.01.2019
2	Mr. Aniket Khetrapal (as Chief Financial Officer)	w.e.f. 25.01.2019
3	Ms. Deepshikha Gupta (as Company Secretary)	w.e.f. 31.05.2018

#### **4. 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 and attached as **Annexure – C**

## **5. MEETING OF THE BOARD OF DIRECTORS AND AUDIT COMMITTEE**

During 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019, five meetings of the Board of Directors and Audit Committee were held, one meeting in quarter ended June 2018, one meeting in quarter ended September 2018, one meeting in quarter ended December 2018 and two meeting in quarter ended March 2019.

The details of meetings of the Board of Directors and Audit Committee and other Board Level Committee are furnished in Corporate Governance Report attached as **Annexure-C**.

## **6. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT**

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

## **7. PERSONNEL DEVELOPMENT**

Cordial and harmonious industrial relations prevailed in the Company during the year. As on 31<sup>st</sup> March 2019, the total manpower strength stood at 78 which included 3 contract employees working for Malaysia project and 1 contract employee working for Algeria project of Ircon International Limited (Ircon).

Matters related to personnel development of employees on deputation from Ircon International Limited, are being taken care of by Ircon International Limited, 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 your Company.

## **8. 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, appointment of new directors and Key Managerial Personnel, projects, annual reports, tenders, RTI, contact details, etc. The website also has a link on the holding company's website [www.ircon.org](http://www.ircon.org).

## **9. TECHNOLOGY ABSORPTION AND 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.

## **10. OTHER DISCLOSURES**

### **A. Particulars of Loans, Guarantees or investment:**

During the year the company has not taken any loan. No Investments were made and no loans or guarantees have been granted by the Company.

### **B. Disclosure on remuneration of directors and employees:**

As per the provision of section 197 of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company is required to disclose the details of the remuneration of the Directors etc. in the Directors' Report". However as per Notification No. GSR463(E) dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. IrconISL being a government company, such particulars are not included as part of Directors' Report.

### **C. Compliance with Secretarial Standards on Board Meetings and General Meetings:**

During the year, the Company is generally in compliance with the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India, except as otherwise stated in the Secretarial Audit Report.

### **D. 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.

**E. Significant material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's Operations in future:**

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

**F. Material Changes and commitments affecting the financial position between end of the financial year and the date of the report:**

No Material Changes and commitments affecting the financial position of the company between end of the financial year 2018-19 and date of the report.

**G. Change in the nature of the Business.**

There was no change in the nature of the business of the Company during the financial year 2018-19.

**H. Qualification, reservation or adverse remarks in the Auditor's Report.**

There are no Qualification, reservation or adverse remarks in the Auditor's Report for the financial year 2018-19.

**I. Accounting standards followed by the company**

The Financial Statements of the Company as at and for the financial year ended 31<sup>st</sup> 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.

**11. INTEGRAL REPORTS**

The Following reports/documents along with relevant annexures form an integral part of this report, and have been placed as Appendices numbered herein.

**A. Report on CSR Activities**

**"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 2018-19 etc. **[placed at Annexure-A]**



## **B. Management Discussion and Analysis Report**

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. **[placed at Annexure-B]**

## **C. Corporate Governance Report**

The “**Corporate Governance Report**” highlights the Company’s philosophy of Corporate Governance, composition of Board of Directors and its Committees, their details including the attendance of directors in the meetings, etc. and other relevant disclosures. **[placed at Annexure-C]**. It is supplemented by the following compliance certificates:

- a) 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 – C1**);
- b) Certificate signed by the Chairman affirming receipt of compliance with the Code of Conduct and key values from all the Board members and Senior Management personnel during the year 2018-19. (placed at **Annexure – C2**); and
- c) Certificate of compliance of Corporate Governance provisions signed by practicing company secretary (placed at **Annexure – C3**).

## **D. Secretarial Auditor Report**

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 2018-19. **The Secretarial Audit Report in Form No. MR-3** received from the auditor is placed at **Annexure- D**. 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. It was also observed that 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 and through Office Memorandum F.No. 18(7)/2013-GM dated 16th January, 2019, it is clarified that the concerned administrative Ministry/Department so desires may appoint non-official directors on the board of subsidiary of a CPSE. Also, it has been observed that all the directors of the Company are non- executive 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.

#### **E. 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 is placed at **Annexure "E"**.

#### **F. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES U/S 188**

All contracts / arrangements / transactions entered by the Company during the financial year 2018-19 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 placed at **Annexure "F"**.

#### **12. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- I. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- II. 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 31<sup>st</sup> March 2019 and of the profit of the Company for the financial year 2018-19.

- III. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. the annual accounts for the financial year ended on 31<sup>st</sup> March 2019 have been prepared on a 'going concern' basis;
- V. 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.

### **13. 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 2018-19.

#### **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 2018-19.

#### **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 2018-19.

## **ACKNOWLEDGMENT**

We record our appreciation and thanks to Ircon International Limited, 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 continued interest and support to the Company.

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

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

**Sd/-**

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

**Place: New Delhi**  
**Date: 21.05.2019**

**REPORT ON CORPORATE SOCIAL RESPONSIBILITY (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.

As per the provisions of the Companies Act, 2013 and relevant guidelines of DPE for the CSR, your company has framed its CSR & Sustainability Policy in 2014 which aims to bring qualitative social changes to empower the society in all aspects through its social impact. 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 in and around Delhi and NCR Region.

During the financial year 2018-19, IrconISL has undertaken CSR activities in the field of Skill Development Training Programme at HVSU campus located at Palwal, Haryana and providing a Solar System (10 KWP) and 2 (Two) sets of Computer system with printer to Govt. School, Dudhola Village, Palwal District, Haryana.

**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 2018-19, its mandate, along with details of meetings held during 2018-19 are given in para 7.2 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. 2015-16, 2016-17 and 2017-18 is Rs. 904.15 lakhs.
4. The CSR Budget for the financial year 2018-19 is Rs. 18,08,000/- which is 2% of the average net profit of the Company from Indian projects in the last three financial years.
5. The BoD through notes by Circulation No. 52/18, dated 19.09.2018 had approved CSR Budget for the financial year 2018-19 on 24.09.2018, of Rs. 18.08 lakhs which is 2% of the average net profit from Indian projects in the last three financial years i.e. 2015-16, 2016-17 and 2017-18, which was later confirmed by the BoD in its 45th meeting held on 29.10.2018.
6. During the year 2018-19, the Company has spent Rs. Rs 14,60,151/- on CSR activities. Thus, the unspent amount for the year 2018-19 is Rs 3,47,849/- and the same will be carry forward to the next financial year i.e. 2019-20. In addition, there was no carry forward from previous year i.e. 2017-18. (Refer Note No. 52 of Financial Statements).

Details of the projects undertaken during the year and reason for the unspent amount are mentioned as under:

Sl. No.	CSR Project or Activity identified	Location / area of the project	Amount spent (In Rs. Lacs)	Reason for unspent amount	Implementing Direct or through Implementing Agency
1.	Skill Development Training Programme	HVSU campus located at Palwal, Haryana.	Rs 5,72,873	Some of the training programme are scheduled in Financial Year 2019 – 20, which are yet to be taken.	Construction Skill Development Council of India (CSDCI)
2.	a. Solar System (10 KWP)  b. 2 (Two) sets of Computer system with printer	Govt. School, Dudhola Village, Palwal District, Haryana	Rs 8,87,278	The budget allocated was of Rs 10 Lakhs against which Rs 8,87,278/- is spent. The amount of Rs 1,12,722/- remains unspent due to the following reason- a) bid received for executing the assigned task was of less amount and  b) GST component included in the Bid price is not booked as expense and necessary input credit is availed.	DIRECT

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**

**Place: New Delhi**  
**Date: 21.05.2019**

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



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**AN OVERVIEW**

Ircon Infrastructure & Services Limited (IrconISL) was incorporated on 30<sup>th</sup> 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**

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. In order to boost the construction of buildings in the country, the Government of India has decided to come up with a single window clearance facility to accord speedy approval of construction projects. In 2018, India ranked 44<sup>th</sup> out of 167 countries in World Bank's Logistics Performance Index (LPI) 2018. Foreign Direct Investment (FDI) received in Construction Development sector (townships, housing, built up infrastructure and construction development projects) from April 2000 to December 2018 stood at US\$ 24.91 billion, according to the Department of Industrial Policy and Promotion (DIPP). The logistics sector in India is growing at a CAGR of 10.5 per cent annually and is expected to reach US\$ 215 billion in 2020. The Government of India is expected to invest highly in the infrastructure sector. The Government of India is taking every possible initiative to boost the infrastructure sector. The infrastructure sector has become the biggest focus area as under Union Budget 2019-20, US\$ 63.20 billion was allocated to the sector. According to Department of Industrial Policy and Promotion (DIPP), Construction Development sector and Infrastructure Activities sector received FDI inflows amounting to US\$

24.90 billion and US\$ 13.49 billion, respectively from April 2000 to September 2018. This favourable current status of the market makes the sector an attractive opportunity for the future.

**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**

During the financial year 2018-19, your Company has recorded a total operating income of Rs 70.64 crore, registering 118.26 % increase over previous year's operating income of Rs 32.36 crore. The increase in total operating income is majorly due to the execution of consultancy projects.

The Company has achieved Profit Before Tax of Rs 17.20 Crore. The Profit After Tax has increased to Rs 14.02 Crore over the Previous year of Rs 13.65 Crore.

The Earning Per Share for the year 2018-19 have increased to Rs 2.16 as compared to Rs 2.10 in the previous year. The increase has been on account of increase in profit after tax.

The net worth of the Company as on 31<sup>st</sup> March, 2019 is Rs 142.38 Crore.

## **OPERATIONAL PERFORMANCE**

IrconISL has successfully sub-leased 23 MFCs to third parties. Out of these 23 sub-leased MFCs, the MFC at Tarapith, Rajgir and Thiruvalla were considered financially unviable and returned to Rail Land Development Authority (RLDA) in accordance with the terms of the agreements. Your company has terminated the sub-lease agreements of MFCs at Kannur, Rampurhaat and Mysuru due to non-payment of lease-rent and other dues by sub-lessee. The process for sub leasing the MFC at Rampurhaat has been restarted whereas the petition has been filed by sub lessees against the termination of sub lease agreements of MFCs at Kannur and Mysore before the respective High Courts.

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. Also, 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 wherein Ministry of External Affairs has terminated the contract of M/s NCSL- MTDCL (JV) who was appointed as EPC contractor (Engineering, Procurement & Construction) for construction of 69 Bridges in Tamu-Kyigone-Kalewa section of Trilateral Highway in Myanmar. The retendering of the work and modality of execution are under finalization by Ministry of External Affairs with IrconISL.

Your Company is providing Project Management Consultancy for establishment of Shri Vishwakarma Skill University (SVSU) at Dudhola, Palwal, Haryana. The agreement for the same was signed on 22.01.2018 and the estimated value of the project is approx. Rs. 425 crores (including PMC fees). The physical progress of the project up to March, 2019 is 11.8% and is scheduled to be completed by January-2020.

Your Company is providing a Project Management Consultancy for construction of new State-of-Art Building of Department of Science & Technology at Technology Bhawan, New Mehrauli Road, New Delhi. The physical progress of the project up to March, 2019 is 9% and is scheduled to be completed by September 2021.

Your Company is also providing Project Management Consultancy service 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. 197.64 crores.

Your company is also providing Project Management Consultancy service for construction of Multi Modal Logistic Park (MMLP) at Paradip (Odisha) and near Kadakola station, Mysuru District, Karnataka awarded by Container Corporation of India Ltd. (CONCOR) having estimated cost of Rs 66.88 crores and Rs 93 Crore respectively.

Your company has also been appointed as Project Management Consultant 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, respectively.

During the financial year 2018-19, IrconISL has secured four new Project Management Consultancy projects viz.

- (a) Project Management Consultancy for Setting up a Multi Model Logistics Park at Bhaupur, Kanpur (U.P) for CONCOR, awarded on 11.06.2018 The estimated cost of the project is approx. Rs.108.36 crores.
- (b) Project Management Consultancy for Setting up a Multi Model Logistics Park at Dahej, Gujarat - for CONCOR, awarded on 03.09.2018.The estimated cost of the project is approx. Rs. 201.00 crores.
- (c) Project Management Consultancy for Replacement of CST-9 Sleepers with PRC Sleepers of MGR System of Stage-1 (2x210MW) at National Thermal Power Corporation (NTPC), Unchahar, U.P., awarded on 26.07.2018. The estimated cost of the project is approx. Rs.36.26. crores.
- (d) Project Management Consultancy for Construction of Infrastructure works at NDRF Academy at Nagpur, Agreement signed on 24.01.2019. The estimated cost of the project is approx. Rs. 74.34 crores.

IrconISL is also undertaking the work of “Supply of Manpower” for Malaysia Project of Ircon. As on 31<sup>st</sup> March 2019, 03 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.

After the closure of the financial year 2018-19, your Company has secured a new project of Project Management Consultancy for Detailed Engineering & Project Supervision for Development of handling facilities for M/s IFFCO at MMLP Paradip Port Odisha awarded by CONCOR India Limited, on 08.05.2019. The total cost of project is Rs 98.50 Crore.

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 project with Ircon. During the Financial Year 2018-19, the said machine was deployed in Jayanagar Bardibas Rail Project for a period of 9 months i.e. from May 2018 to January 2019 and in February 2019 the same is deployed in Chhattisgarh East Rail Ltd. (CERL) project of Ircon International Limited.

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.

## SECTORAL PERFORMANCE

During the year 2018-19, there are five sectors of revenue namely Consultancy, Supply of Manpower, Sub- Leasing of MFCs, Leasing of Plant & Machinery and Others (Execution of CSR & Swachh Bharat Abhiyaan Projects). Consultancy projects accounted for major portion of 67.50% of total operating income for the year 2018-19. The table below shows the share of income from different sectors and its percentage contribution to total income.

(Rs.in crores)

Sectors	2018-19		2017-18		2016-17	
	Operating Income	%	Operating Income	%	Operating Income	%
Consultancy	47.68	67.50	15.50	47.90	18.39	44.88
Supply of Manpower	0.53	0.75	0.48	1.48	2.19	5.34

Sub- Leasing of MFCs	17.79	25.18	14.83	45.83	13.66	33.33
Leasing of Plant & Machinery	0.89	1.26	-	-	1.69	4.12
Others Operating revenue from Execution of CSR & Swachh Bharat Abhiyaan Projects	3.75	5.31	1.55	4.79	5.05	12.32
<b>Total</b>	<b>70.64</b>		<b>32.36</b>		<b>40.98</b>	

### SEGMENT-WISE PERFORMANCE

Foreign projects contributed 10.23% to total operating income and domestic projects contributed 89.77% to total operating income during the year 2018-19.

(Rs.in crores)

Sectors	2018-19		2017-18		2016-17	
	Total Income	%	Total Income	%	Total Income	%
Foreign	7.23	10.23	13.45	41.56	19.01	46.39
Domestic	63.41	89.77	18.91	58.44	21.97	53.61
<b>Total</b>	<b>70.64</b>		<b>32.36</b>		<b>40.98</b>	

### STRENGTHS

The biggest strength of the Company is that it is a wholly owned subsidiary of Itron International limited, having a longstanding 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 Auditor for the financial year 2018-19. Internal Auditor conduct audit of the Company to test the adequacy of the internal systems and suggest continual improvements. The Internal Auditor is experienced cost and management accountant firm which is selected through a transparent selection process, and upon appointment directly report to the Management. This ensures Internal Auditors' independence. Reports of the Internal Auditor is reviewed, compliances are ensured and put up for consideration of the Audit Committee.

## **HUMAN RESOURCE**

The Company aims to achieve the right size and right mix of human resource/ employees for the organization. The employees of IrconISL is a combination of those who have been appointed by the Company and posted at the corporate office of the company or at the project site and the employees who are on secondment basis from Ircon. The Company also provides manpower to Ircon International Limited (Holding Company) Malaysia Project and Algeria Project. The total manpower strength as on 31 March 2019 is 78 employees including 3 contract employees working for Malaysia project and 1 contract employee working for Algeria project of Ircon International Limited (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**

**Place: New Delhi**

**Date: 21.05.2019**

Sd/-

**(M.K. Singh)**

**Chairman**

**(DIN 06607392)**

**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 shall appoint the Chairman and all the Directors of the Company.

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 2018-19

The Board of Directors met 5 times during the financial year 2018-19 on 30<sup>th</sup> May 2018, 01<sup>st</sup> August 2018, 29<sup>th</sup> October, 2018, 24<sup>th</sup> January, 2019 and 27<sup>th</sup> March, 2019.

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 2018-19 are given below: -

Director	No. of Board Meetings during 2018-19		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
Mr. M.K. Singh (DIN 06607392) (w.e.f. 10.04.2018)	5	5	YES
Mr. A.K. Goyal (DIN 05308809)	5	5	YES
Mr. Surajit Dutta (DIN 06687032)	5	5	YES
Mr. Parag Verma (DIN 05272169) (w.e.f. 05.04.2018)	5	5	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 5<sup>th</sup> 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 14<sup>th</sup> 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 43<sup>rd</sup> BoD meeting held on 30<sup>th</sup> 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 5 times during financial year 2018-19 on 30<sup>th</sup> May 2018, 01<sup>st</sup> August 2018, 29<sup>th</sup> October, 2018, 24<sup>th</sup> January, 2019 and 27<sup>th</sup> March, 2019.

The attendance details are as follows:

<b>Member</b>	<b>Status</b>	<b>Meetings held (during their respective tenures)</b>	<b>Meetings attended</b>
Surajit Dutta (throughout 2018-19)	Chairman	5	5
A.K. Goyal (throughout 2018-19)	Member	5	5
Parag Verma (w.e.f. 5 <sup>th</sup> April, 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 12<sup>th</sup> 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 13<sup>th</sup> June 2014 by a note circulated to all Board members, which was further confirmed in 22<sup>nd</sup> Board of Directors meeting held on 26<sup>th</sup> 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 43<sup>rd</sup> BoD meeting held on 30<sup>th</sup> 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 financial year 2018-19.

## **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 14<sup>th</sup> 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 26<sup>th</sup> 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 28<sup>th</sup> August 2015 pursuant to section 178 of 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 43<sup>rd</sup> BoD meeting held on 30<sup>th</sup> 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 financial year 2018-19.

## 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
9 <sup>th</sup>	2017-18	25 <sup>th</sup> September 2018	1100 hrs	Company's Registered Office, Delhi
8 <sup>th</sup>	2016-17	25 <sup>th</sup> September 2017	1600 hrs	Company's Registered Office, Delhi
7 <sup>th</sup>	2015-16	27 <sup>th</sup> September 2016	1500 hrs	Company's Registered Office, Delhi

No special resolution was required or passed in the last three Annual General Meetings (from 2015-16 to 2017-18).

### 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
4 <sup>th</sup>	2014-15	20 <sup>th</sup> February 2015	1700 hrs	Company's Registered Office, Delhi
3 <sup>rd</sup>	2012-13	22 <sup>nd</sup> January 2013	1430 hrs	Company's Registered Office, Delhi
2 <sup>nd</sup>	2011-12	12 <sup>th</sup> March 2012	1430 hrs	Company's Registered Office, Delhi

B. Special Resolution:

- (a) 4<sup>th</sup> Extra-Ordinary General Meeting held on 20<sup>th</sup> February 2015  
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) 3<sup>rd</sup> Extra-Ordinary General Meeting held on 22<sup>nd</sup> January 2013
  - (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) 2<sup>nd</sup> Extra-Ordinary General Meeting held on 12<sup>th</sup> 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. 48 to the Financial Statements.

9.2 During 2018-19, 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. 48 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)

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>	<b>Remarks</b>
Administrative & other expenses	<b>3.53</b>	<b>2.65</b>	NIL
Bank & Other Finance Charges	<b>0.05</b>	<b>1.38</b>	NIL
Total Expenses	<b>59.22</b>	<b>21.01</b>	NIL
Administration & other expenses/ Total expenses (in %)	<b>5.96%</b>	<b>12.63%</b>	NIL
Bank & Financial Charges/ Total expenses (in %)	<b>0.08%</b>	<b>6.56%</b>	

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'.

9.6 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 '**98.21**' 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 – “C-1”** to this Report).

## **11. CODE OF CONDUCT**

The Company has in place a Code of Conduct for Board Members and for Senior Management of the Company and posted on the website of the Company. The declaration signed by Chairman affirming receipt of compliance with the Code of Conduct from all the Board members and Members of Senior Management during the year 2018-19 ( placed as **Annexure – “C-2” to this Report**)

## **12. GENERAL INFORMATION FOR SHAREHOLDERS**

### **12.1 Means of communication**

The Annual Report including the audited financial statements for the year 2018-19 of IrconISL are available on the website of the Company [www.irconisl.com](http://www.irconisl.com) and at the Registered Office of the company.

### **12.2 Annual General Meeting of the Current Year**

Date : 27/08/2019  
Time : 11:00 A.M.  
Venue : Board Room of the Company's Registered Office -  
C-4, District Centre, Saket, New Delhi – 110 017

### 12.3 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 (Ircan International Limited and its nine 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.

### 12.4 Address for Correspondence:

The address of registered office of the company is:

Ircan 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](mailto:info@irconisl.com)

Website : [www.irconisl.com](http://www.irconisl.com)

### 13. 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 2018-19.

Certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance is placed as **Annexure “C-3”** to this report.

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

**Place: New Delhi**

**Date: 21.05.2019**

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

**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 2018-19 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. Pooja Chaurasia**  
**Chief Financial Officer (CFO)**

Sd/-

**Mr. R.P Singh**  
**Chief Executive Officer (CEO)**

**Place: New Delhi**  
**Dated: 21.05.2019**

**Annexure - C2**

**DECLARATION BY CHAIRMAN REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT OF IRCON INFRASTRUCTURE AND SERVICES LIMITED DURING THE FINANCIAL YEAR 2018-19.**

I, M.K Singh, Chairman, Ircon Infrastructure and Services Limited, do hereby declare that all the members of the Board of Directors and the Senior Management Team of the Company have affirmed their compliance of the Code of Conduct of the Company during the financial year 2018-19.

**Sd/-**

**Place: New Delhi  
Date: 21.05.2019**

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

Santosh Pandey & Associates Practicing Company Secretaries	Address: 611, Vishal Tower, District Centre, Janakpuri West, New Delhi 110058 Mobile No.:- 9999202268 Email ID:- info@spcounsels.com
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**CERTIFICATE ON COMPLIANCE OF DPE GUIDELINES  
ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2018-2019.**

To

The Members of  
Irrcon Infrastructure & Services Limited  
New Delhi

We have examined the compliance of Guidelines on Corporate Governance for Central Public Sector Enterprise, 2010 as issued by DPE from time to time, of your Company.

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

In our opinion and to the best of our information and according to the explanations given to us by the management, we certify that the Company has complied with the DPE Guidelines on Corporate Governance with the following observation-

“It was observed that 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 and also as per Office Memorandum F.No. 18(7)/2013-GM dated 16th January, 2019, it is clarified that the concerned administrative Ministry/Department so desires may appoint non-official directors on the board of subsidiary of a CPSE. ”

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

For Santosh Pandey & Associates  
Sd/-  
CS Santosh Pandey  
Membership No. A40908  
C.O.P No. 15211

Place :- New Delhi  
Date :- 21.05.2019

**Head Office:**

384P, Sector-40, Gurugram - 122003, Haryana, India.  
Ph.: +91-124-4370002, Fax : +91-124-4370002  
E-mail :admin@kksinghassociates.com  
Website: www.kksinghassociates.com  
www.kksainc.com.

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2019**

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

**To,**  
**The Members,**  
**Ircon 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 **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 31<sup>st</sup> March, 2019, 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 31<sup>st</sup>March, 2019, 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)

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E-mail :admin@kksinghassociates.com

Website: www.kksinghassociates.com

www.kksainc.com.

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. Ircn 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 14<sup>th</sup> 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 SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, if applicable. (Being non listed company during the period under review, it's not applicable).

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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 Code of Conduct for Directors as required under DPE Guidelines, 2010 had been approved at the Board Meeting held on 24.03.2019 and the same is posted on the website of the Company. Further, the Company has spent Rs. 14,60,151/- as against required amount of Rs. 18,08,000/- on Corporate Social Responsibility (CSR) Activities during the year of report.*

**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, two Directors have been resigned from the office of Directorship in the F.Y. 2017-18 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 1/3<sup>rd</sup> 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 or on shorter notice, as the case may be, 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.



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- 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

For **K. K. Singh & Associates**  
**Company Secretaries**

Sd/-

**Date: 20.05.2019**  
**Place: Gurugram**

**CS Richa Singh**  
**Partner**  
**ACS No.: 44237**  
**CP No. : 16640**

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

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**‘ANNEXURE A’**

**To,  
The Members,  
M/s Ircan 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.

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Website: www.kksinghassociates.com  
www.kksainc.com.

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**

Sd/-

**Date: 20.05.2019**

**Place: Gurugram**

**CS Richa Singh**  
**Partner**  
**ACS No.: 44237**  
**CP No. : 16640**

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31<sup>st</sup> March 2019**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

CIN	U45400DL2009GOI194792
Registration Date	30 <sup>th</sup> 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 contributing 10 % 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	25.18%
2	Project Management Consultancy Projects	7110	67.50%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ subsidiary / Associate	% of shares held	Applicable 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 Shareholders	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	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) <b>Bodies Corp.</b>	-	6,50,00,000	6,50,00,000	100%	-	6,50,00,000	6,50,00,000	100%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	-	6,50,00,000	6,50,00,000	100%	-	6,50,00,000	6,50,00,000	100%	-
(2) <b>Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	-	NIL	NIL	NIL	-	NIL	NIL	NIL	-
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	6,50,00,000	6,50,00,000	100%	-	6,50,00,000	6,50,00,000	100%	-



<b>Grand Total (A + B + C)</b>		<b>6,50,00,000</b>	<b>6,50,00,000</b>	<b>100%</b>	<b>-</b>	<b>6,50,00,000</b>	<b>6,50,00,000</b>	<b>100%</b>	<b>-</b>
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**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Ircon International Limited and its 6 nominees	6,50,00,000	100%	-	6,50,00,000	100%	-	100%
	<b>Total</b>	<b>6,50,00,000</b>	<b>100%</b>	<b>-</b>	<b>6,50,00,000</b>	<b>100%</b>	<b>-</b>	<b>100%</b>

**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 Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			NIL	
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				
Date wise Increase or Decrease during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):			NIL	
At the end of the year				



**V. INDEBTEDNESS:**

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

(Rs. in crores)

	<b>Secured Loans excluding deposits</b>	<b>Unsecured Loans</b>	<b>Deposits</b>	<b>Total Indebted - ness</b>
<b>Indebtedness at the beginning of the financial year</b>	-		-	
i) Principal Amount		NIL		NIL
ii) Interest due but not paid	-	NIL	-	NIL
iii) Interest accrued but not due		NIL		NIL
<b>Total (i + ii + iii)</b>	-	NIL	-	NIL
<b>Change in Indebtedness during the financial year</b>				
- Addition	-	NIL	-	NIL
- Reduction	-	NIL	-	NIL
<b>Net Change</b>	-	NIL	-	NIL
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	NIL	-	NIL
ii) Interest due but not paid	-	NIL	-	NIL
iii) Interest accrued but not due		NIL		NIL
<b>Total (i + ii + iii)</b>	-	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					
c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961			NOT APPLICABLE		
2	Stock option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify					
5.	Others, please specify			NOT APPLICABLE		
	<b>Total (A)</b>					
	<b>Ceiling as per the Act</b>					

**\*IronISL 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)			
	<b>Total (B1)</b>	-	-	-
2	Other Non-executive Directors	-	-	-
a)	Fee for attending board/ committee meetings			
b)	Commission			
c)	Others (please specify)			
	<b>Total (B2)</b>	-	-	-
	<b>Total [B= B1 + B2]</b>	-	-	-
	<b>Total Managerial Remuneration [A + B]</b>	-	-	-
	<b>Overall ceiling as per the Act</b>	--	-	-

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	Gross salary	35,93,064	14,29,852	2,74,333	
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.				
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-	
c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	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	7,55,077	2,27,369	12,720	
	b) Performance Linked Incentive	13,22,266	3,54,348	-	
	c) Other Benefits	2,45,305	89,388		
	<b>Total (A)</b>	<b>59,15,712</b>	<b>21,00,957</b>	<b>2,87,053</b>	
	<b>Ceiling as per the Act</b>				

**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		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

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

Sd/-

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

**Place: New Delhi**

**Date:**

**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 2018-19 (for the period 1st April 2018 to 31st March 2019).**

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	<b>IRCON INTERNATIONAL LIMITED</b> 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
2	<b>IRCON INTERNATIONAL LIMITED</b> Holding Company	Supply of Manpower to Algeria Project and Kolkata Project of Ircon International Limited and Supply of Duomatic Machine (jayanagar) Supply of manpower to Malaysia Project	Agreement signed on 26th March, 2019, 25th March, 2019 and 28th March, 2019 respectively.  Extension of Manpower Agreement dated 13th March, 2019.		Not Applicable	NIL

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

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

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

**Date 21.05.2019  
Place : New Delhi**

**FINANCIAL  
STATEMENT**

Particulars		Note No.	As at 31st March 2019		As at 31st March 2018	
<b>I. ASSETS</b>						
<b>1</b>	<b>Non-current assets</b>					
	(a) Property, Plant and equipment	3	5,70,75,782		7,06,35,076	
	(b) Capital work-in-progress	4	2,23,60,750		2,17,15,638	
	(c) Other Intangible assets	5	87,59,81,509		89,39,14,204	
	(d) Financial Assets	6				
	(i) Loans	6.1	4,94,102		-	
	(ii) Others	6.2	2,45,90,291		3,81,28,188	
	(e) Other Non current Assets	7	7,02,23,850		6,72,56,781	
	(f) Deferred Tax Assets	8	21,71,759		55,99,238	
				1,05,28,98,044		1,09,72,49,125
<b>2</b>	<b>Current assets</b>					
	(a) Inventories	9	36,739		33,583	
	(b) Financial Assets	10				
	(i) Trade Receivables	10.1	63,43,74,775		38,12,87,981	
	(ii) Cash and cash equivalents	10.2	73,04,800		12,98,74,843	
	(iii) Bank Balances other than (ii) above	10.3	1,34,32,84,599		41,72,05,605	
	(iv) Loans	10.4	8,72,788		5,63,500	
	(v) Others	10.5	14,15,68,461		4,15,63,367	
	(c) Current Tax Assets ( Net)	11.1	-		20,65,416	
	(d) Other current assets	12	81,19,861	2,13,55,62,024	31,14,373	97,57,08,668
	<b>Total Assets</b>			<b>3,18,84,60,068</b>		<b>2,07,29,57,793</b>
<b>II. EQUITY AND LIABILITIES</b>						
<b>1</b>	<b>Equity</b>					
	(a) Equity Share Capital	13	65,00,00,000		65,00,00,000	
	(b) Other Equity	14	77,37,87,820	1,42,37,87,820	63,35,28,980	1,28,35,28,980
<b>2</b>	<b>Liabilities</b>					
<b>(i)</b>	<b>Non-current liabilities</b>					
	(a) Financial Liabilities	15				
	(i) Other financial liabilities	15.1	4,14,19,806		3,50,469	
	(b) Provisions	16	16,09,296		2,62,663	
	(c) Deferred Tax Liabilities Net	8	17,59,03,029		18,46,84,145	
	(d) Other Non-Current Liabilities	17	31,75,79,006	53,65,11,137	31,47,39,447	50,00,36,724
<b>4</b>	<b>Current liabilities</b>					
	(a) Financial Liabilities	18				
	(i) Trade payables	18.1				
	- Dues of Micro Enterprises & Small Enterprises		1,91,22,697		-	
	Total Outstanding Dues of creditors other than of Micro Enterprises & Small Enterprises		13,20,04,187		1,00,07,606	
	(ii) Other financial liabilities	18.2	5,56,49,086		5,08,46,184	
	(b) Current Tax Liability ( Net)	11.2	41,07,997		-	
	(c) Other current liabilities	19	1,01,67,67,637		22,82,19,857	
	(d) Provisions	20	5,09,507	1,22,81,61,111	3,18,442	28,93,92,089
	<b>Total Equity and Liabilities</b>			<b>3,18,84,60,068</b>		<b>2,07,29,57,793</b>
<b>III. See accompanying notes to the financial statements</b>						

As per our Report of even date attached

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

CA Tarun Kapoor  
(Partner)  
M. No. 095949

Place : New Delhi  
Date : 21-05-2019

For and on behalf of the Board of Directors

sd/- sd/- sd/-

Pooja Chaurasia  
C.F.O

Rana Pratap Singh  
C.E.O

Manisha Gola  
Co Secy

sd/-

sd/-

Surajit Dutta  
Director  
(DIN-06687032)

M.K.Singh  
Chairman  
(DIN-06607392)



STATEMENT OF PROFIT AND LOSS  
For the year ended 31st March 2019

(Figures in Rs.)

Particulars		Note No.	For the year ended 31st March 2019	For the year ended 31st March 2018
	<b>Revenue :</b>			
I	Revenue from operations	21	70,63,99,554	32,35,51,393
II	Other income	22	5,77,51,589	6,76,33,147
III	<b>Total Income (I + II)</b>		<b>76,41,51,143</b>	<b>39,11,84,540</b>
IV	<b>Expenses:</b>			
	Operating Expenses	23	44,22,59,082	8,60,40,715
	Employee benefits expenses	24	8,29,18,777	4,20,28,573
	Finance costs	25	4,77,412	1,37,78,795
	Depreciation and amortization Expenses	26	3,12,50,447	4,17,32,982
	Administrative & Other Expenses	27	3,52,84,536	2,65,40,569
	<b>Total Expenses (IV).</b>		<b>59,21,90,253</b>	<b>21,01,21,635</b>
V	<b>Profit/loss Before exceptional items and Tax (I - IV)</b>		<b>17,19,60,889</b>	<b>18,10,62,905</b>
VI	Exceptional items			
VII	Profit/(Loss) before tax (V - VI)		<b>17,19,60,889</b>	<b>18,10,62,905</b>
VIII	Tax expense:	28		
	(1) Current tax			
	- For the year		3,70,55,508	3,86,41,721
	- For earlier years (net)		-	-87,57,877
	(2) Deferred tax (net)		-53,53,585	1,46,35,202
	Total Tax Expense (VIII)		<b>3,17,01,924</b>	<b>4,45,19,046</b>
IX	<b>Profit/(loss) for the period from continuing operation (VII - VIII)</b>		<b>14,02,58,966</b>	<b>13,65,43,859</b>
X	Profit/(loss) from discontinued operations		-	-
XI	Tax Expense of discontinued operations		-	-
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	<b>Profit/(loss) for the period (IX+XII)</b>		<b>14,02,58,966</b>	<b>13,65,43,859</b>
XIV	<b>Other Comprehensive Income</b>	29		
	A. (i) Items that will not be reclassified to profit and loss		-178	-8,375
	(ii) Income Tax relating to Items that will not be reclassified to profit and loss		52	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			
			<b>-126</b>	<b>-5,477</b>
XV	<b>Total Comprehensive Income for the period (IX + X) (Comprehensive profit and other comprehensive income for the period)</b>		<b>14,02,58,840</b>	<b>13,65,38,383</b>
XVI	Earnings Per Equity Share: (For Continuing Operation)			
	(1) Basic	30	2.16	2.10
	(2) Diluted		2.16	2.10
XVII	Earnings Per Equity Share: (For discontinuing Operation)			
	(1) Basic			
	(2) Diluted			
XVIII	Earnings Per Equity Share: (For discontinued and continuing Operation)			
	(1) Basic	30	2.16	2.10
	(2) Diluted		2.16	2.10

As per our Report of even date attached

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

CA Tarun Kapoor  
(Partner)  
M. No. 095949

Place : New Delhi  
Date : 21-05-2019

For and on behalf of the Board of Directors

sd/- sd/- sd/-  
Pooja Chaurasia Rana Pratap Singh Manisha Gola  
C.F.O C.E.O Co Secy

sd/- sd/-  
Surajit Dutta M.K.Singh  
Director Chairman  
(DIN-06687032) (DIN-06607392)

**Ircon Infrastructure and Services Limited (CIN - U45400DL2009G0194792)**  
**Statement of Cash Flow**  
**For the year ended on 31st March 2019**

(Figures in Rs.)

Particulars		For the year ended 31st March 2019	For the year ended 31st March 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit before taxation		17,19,60,889	18,10,62,905
Adjustment for :			
Depreciation, amortization and impairment		3,12,50,447	4,17,32,982
Loss / (Profit) on Disposal of assets(net)		3,25,617	-
Finance costs		4,77,412	1,37,78,795
Interest Income			
<b>Operating Profit before working capital changes</b>	<b>(1)</b>	<b>20,40,14,366</b>	<b>23,65,74,682</b>
Adjustment for :			
Decrease / (Increase) in Inventories		(3,156)	-10,982
Decrease / (Increase) in Trade Receivables		(25,40,36,673)	-1,84,38,184
Decrease / (Increase) in Bank Balance other than those taken to CCE		(92,60,78,994)	-22,35,64,023
Decrease / (Increase) in Loans		(3,09,288)	16,827
Decrease / (Increase) in Other Financial Assets		(10,00,05,095)	2,74,921
Decrease / (Increase) in other Current Assets		(50,05,488)	33,69,929
Decrease / (Increase) in Non Current Financial Assets		(4,94,102)	
Decrease / (Increase) in Other Non current Financial Assets		1,35,37,897	-3,76,97,616
(Decrease) / Increase in Other Non-current Liability		28,39,559	-2,21,02,883
(Decrease) / Increase in Provisions		13,46,455	-3,75,615
(Decrease) / Increase in Trade Payables		14,11,19,278	27,14,868
(Decrease) / Increase in Other Financial Liability		4,58,72,239	-2,12,81,791
(Decrease) / Increase in Other Current Liability		78,85,47,780	17,85,14,582
(Decrease) / Increase in Provisions		1,91,065	1,81,147
<b>Cash generated from operation</b>	<b>(1+2)</b>	<b>-8,84,64,157</b>	<b>9,81,75,862</b>
Income Tax Paid		(3,28,99,285)	-8,28,29,202
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>-12,13,63,442</b>	<b>1,53,46,660</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital Expenditure on PPE, Intangible Assets & Intangible under Development		(21,38,430)	-34,87,953
Sale of Fixed Asset		14,09,242	2,703
Capital Advances given during the year			
Interest Received			
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(7,29,188)</b>	<b>-34,85,260</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceed from issue of share capital			
Proceeds from Borrowings			-22,92,00,000
Finance Cost		(4,77,412)	-1,37,78,795
Dividend ( including Dividend Distribution Tax) paid			
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>-4,77,412</b>	<b>-24,29,78,795</b>
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENT</b>	<b>(A+B+C)</b>	<b>-12,25,70,042</b>	<b>-23,11,17,385</b>
<b>CASH AND CASH EQUIVALENT (OPENING)</b>			
Cash Balances	<b>(E)</b>	12,98,74,843	36,09,92,227
Balance with Banks		1,01,548,50	
Current Accounts		1,47,34,322.70	7,16,25,537
- Flexi Accounts		11,50,38,971.68	13,30,03,856
Short term investments		-	15,63,62,834
<b>CASH AND CASH EQUIVALENT (CLOSING)</b>	<b>(F)</b>	<b>73,04,800</b>	<b>12,98,74,843</b>
Cash Balances		1,42,224	1,01,548
Balance with Banks			
Current Accounts		51,79,237	1,47,34,323
- Flexi Accounts		19,83,339	11,50,38,972
Short term investments			0.00
<b>NET INCREASE/(DECREASE) IN CASH &amp; CASH EQUIVALENT</b>	<b>(F - E)</b>	<b>-12,25,70,043</b>	<b>-23,11,17,384</b>

As per our Report of even date attached

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

CA Tarun Kapoor  
(Partner)  
M. No. 096949

Place : New Delhi  
Date : 21-05-2019

For and on behalf of the Board of Directors

sd/- sd/- sd/-  
Pooja Chaurasia Rana Pratap Singh Manisha Gola  
C.F.O C.E.O Co Secy

sd/- sd/-  
Surajit Dutta M.K.Singh  
Director Chairman  
(DIN-06687032) (DIN-06607392)

Ircon Infrastructure and Services Limited (CIN - U45400DL2009G01194792)

Statement of changes in equity for the period ended 31-March-2019

(Figures in Rs.)

**A. Equity share capital**

Balance as at April 1, 2018

Add: Shares issued during the year

Balance as at March 31, 2019

No. of Shares	Amount
6,50,00,000	65,00,00,000
6,50,00,000	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, 2018	-	63,35,28,980	-	63,35,28,980
Changes in accounting policy or prior period errors				
Restated balance at the beginning of the reporting period	-	63,35,28,980	-	63,35,28,980
Profit for the year	-	-	14,02,58,966	14,02,58,966
Other Comprehensive Income	-	-	(126)	(126)
<b>Total Comprehensive Income</b>	-	-	<b>14,02,58,840</b>	<b>14,02,58,840</b>
Transfer to General Reserve	-	-	(14,02,58,840)	(14,02,58,840)
Addition during the year	-	14,02,58,840	-	14,02,58,840
Refunded/issued during the year				
<b>Balance as at March 31, 2019</b>	-	<b>77,37,87,820</b>	-	<b>77,37,87,820</b>

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  
(Partner)  
M. No. 095949

Pooja Chaurasia  
C.F.O

Rana Pratap Singh  
C.E.O

Manisha Gola  
Co Secy

Surajit Dutta  
Director  
(DIN-06687032)

M.K.Singh  
Chairman  
(DIN-06607392)

Place : New Delhi  
Date : 21-05-2019

Iron Infrastructure and Services Limited (CIN - U45400DL2009G01194792)

Statement of changes in equity for the period ended 31-March-2018

(Figures in Rs.)

A. Equity share capital

Balance as at April 1, 2017

Add: Shares issued during the year

Balance as at March 31, 2018

No. of Shares	Amount
6,50,00,000	65,00,00,000
6,50,00,000	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 and on behalf of the Board of Directors

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

Sd/-

Sd/-

Sd/-

Sd/-

Sd/-

CA Tarun Kapoor  
(Partner)  
M. No. 095949

Pooja Chaurasia  
C.F.O

Rana Pratap Singh  
C.E.O

Manisha Gola  
Co Secy

Surajit Dutta  
Director  
(DIN-06687032)

M.K.Singh  
Chairman  
(DIN-06607392)

Place : New Delhi  
Date : 21-05-2019

### 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
<b>Cost or valuation</b>									
At 1 April 2017	11,29,79,444	8,07,618	2,26,990	1,09,735	50,200	99,939	2,24,324	1,49,800	11,46,48,050
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	11,29,79,444	21,12,329	2,95,978	1,26,849	1,40,636	3,15,409	2,67,524	1,49,800	11,63,87,969
Additions	-	10,17,628	1,11,166	74,953	54,116	8,829	-	2,26,626	14,93,318
Disposals/Adjustments	-	4,60,098	-	-	-	-	-	-	4,60,098
At 31 March 2019	11,29,79,444	26,69,859	4,07,144	2,01,802	1,94,752	3,24,238	2,67,524	3,76,426	11,74,21,189
<b>Accumulated Depreciation and</b>									
At 1 April 2017	2,88,53,469	4,08,805	40,175	33,336	18,939	24,883	19,576	3,859	2,94,03,042
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	-	647.00	-	-	-	-	-	-	647
At 31 March 2018	4,47,44,335	7,37,988	62,936	55,783	36,360	53,794	43,612	18,085	4,57,52,893
Depreciation charge for the year	1,38,30,791	6,32,119	46,975	35,383	30,200	65,743	25,408	21,892	1,46,88,512
Disposals/Adjustments	-	95,999	-	-	-	-	-	-	95,999
At 31 March 2019	5,85,75,126	12,74,108	1,09,911	91,166	66,560	1,19,537	69,020	39,977	6,03,45,406
<b>Net book value</b>									
At 31 March 2019	5,44,04,318	13,95,751	2,97,233	1,10,636	1,28,191	2,04,701	1,98,504	3,36,449	5,70,75,782
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

**Non - Current Assets**  
**4 Capital Work in Progress**

(Figures in Rs.)

Particulars	Amount
Opening balance at 1 April 2017	1,99,88,399
Additions (subsequent expenditure)	17,27,239
Adjustments	-
<b>Closing balance at 31 March 2018</b>	<b>2,17,15,638</b>
Additions (subsequent expenditure)	6,45,112
Adjustments	-
<b>Closing balance at 31 March 2019</b>	<b>2,23,60,750</b>
<b>Net Book Value</b>	
at 31 March 2019	2,23,60,750
at 31 March 2018	2,17,15,638

* Details of tangible Assets under Development	Opening Balance as at 1st April, 2018	Additions during the year 2018-19	Capitalisation of CWIP into tangible assets	Balance as at 31st March, 2019
Capital Work In Progress (Track Machines)				
Track Machine CSM 906	64,33,494		-	64,33,494
Track Machine CSM 911	64,33,494		-	64,33,494
Track Machine UNIMAT 8255	60,83,797		-	60,83,797
Track Machine Expenses	27,64,853	6,45,112	-	34,09,965
<b>TOTAL</b>	<b>2,17,15,638</b>	<b>6,45,112</b>	<b>-</b>	<b>2,23,60,750</b>

* Details of tangible Assets under Development	Opening Balance as at 1st April, 2017	Additions during the year 2017-18	Capitalisation of CWIP into tangible assets	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	-	-	60,83,797
Track Machine Expenses	11,44,414	16,20,439	-	27,64,853
<b>TOTAL</b>	<b>1,99,88,399</b>	<b>17,27,239</b>	<b>-</b>	<b>2,17,15,638</b>

## 5 Intangible Assets

(Figures in Rs.)

Particulars	Software	Lease Right	Total
Opening balance at 1 April 2017	-	95,64,73,656	95,64,73,656
Addition during the year	17,445	-	17,445
Adjustment	-	-	-
<b>Closing balance at 31 March 2018</b>	<b>17,445</b>	<b>95,64,73,656</b>	<b>95,64,91,101</b>
Addition during the year			-
Adjustment		13,70,760.00	13,70,760.00
<b>Closing balance at 31 March 2019</b>	<b>17,445</b>	<b>95,51,02,896</b>	<b>95,51,20,341</b>
<b><u>Amortization and Impairment</u></b>			
Opening balance at 1 April 2017	-	3,71,94,408	3,71,94,408
Amortisation	17,445	2,53,65,044	2,53,82,489
Impairment	-	-	-
Adjustment	-	-	-
<b>Closing balance at 31 March 2018</b>	<b>17,445</b>	<b>6,25,59,452</b>	<b>6,25,76,897</b>
Amortisation	-	1,65,61,935	1,65,61,935
Impairment	-	-	-
Adjustment	-	-	-
<b>Closing balance at 31 March 2019</b>	<b>17,445</b>	<b>7,91,21,387</b>	<b>7,91,38,832</b>
<b>Net book value</b>			
<b>At 31 March 2018</b>	-	<b>89,39,14,204</b>	<b>89,39,14,204</b>
<b>At 31 March 2019</b>	-	<b>87,59,81,509</b>	<b>87,59,81,509</b>

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.1,65,61,935/- (F.Y 2017-18 Rs 2,53,65,044/-)

## 6 Non - Current Financial Assets

### 6.1 Loans

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Staff Loan*</b>		
A.Considered Good: Secured	55,720	-
B.Considered Good: Unsecured,	4,38,382	-
<b>Total</b>	<b>4,94,102</b>	<b>-</b>

\*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.

### 6.2 Others

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Considered Good: Secured</b>		
Fixed deposits having remaining maturity of more than 12 months	-	30,00,000
Fixed deposits having remaining maturity of more than 12 months (Bank Guarantee)	2,39,38,140	3,47,70,000
Interest Accrued on Staff Loans & Advances	1,65,246	-
<b>Considered Good: UnSecured</b>		
Deposits		
- With Statutory Departments -	4,86,905	3,58,188
<b>Total</b>	<b>2,45,90,291</b>	<b>3,81,28,188</b>

**Note 6.2.1:** Rs. 2,39,38,140 as on 31st March 2019 ( 31st March 2018 Rs. 3,47,70,000) represents fixed deposit placed with Ministry of External Affairs. (represents Ministry of External Affairs, C.B.S.E. , Haryana Vishwakarma Skill University & Ministry of Health & Family welfare)

## 7 Other Non - Current Assets

Particulars	As at 31st March 2019	As at 31st March 2018
Income Tax Refundable	7,02,23,850	6,72,56,781
<b>Total</b>	<b>7,02,23,850</b>	<b>6,72,56,781</b>



## 8 Deferred Tax

The Balances comprises temporary difference attributable

(Figures In Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Deferred tax liability</b>		
Property, plant & equipment and intangible assets	17,59,03,029	18,46,84,145
<b>Total deferred tax liability</b>	<b>17,59,03,029</b>	<b>18,46,84,145</b>
<b>Deferred tax Assets</b>		
Gratuity	50,114	38,686
Leave Salary	4,20,382	53,441
PRP	1,46,500	1,08,982
Demobilizing	-	-
Other Expenses	15,54,764	53,98,130
<b>Total deferred tax asset</b>	<b>21,71,759</b>	<b>55,99,238</b>
<b>Net deferred Tax (Asset)/Liability</b>	<b>17,37,31,270</b>	<b>17,90,84,906</b>

Movement in deferred tax liability/ (asset)

(Figures in Rs.)

Particulars	PPE( Property, Plant & Equipments)	Employee Benefit obligation	Other Expenses	Total
<b>Closing balance as at 31 March 2017</b>	<b>17,79,37,760</b>	<b>-2,65,512</b>	<b>-1,32,19,645</b>	<b>16,44,52,602</b>
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
<b>Closing balance as at 31 March 2018</b>	<b>18,46,84,145</b>	<b>-2,01,109</b>	<b>-53,98,130</b>	<b>17,90,84,906</b>
Charged/(credited) during 2018-19				
To Profit & Loss	-87,81,116	-4,15,835	38,43,366	-53,53,585
To other comprehensive income		-52		-52
<b>Closing balance as at 31 March 2019</b>	<b>17,59,03,029</b>	<b>-6,16,995</b>	<b>-15,54,764</b>	<b>17,37,31,270</b>

**Current Assets****9****Inventories****(Figures in Rs.)**

<b>Particulars</b>	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
Material and stores		
- In Hand	36,739	33,583
- With Third Parties	-	-
- In Transit	-	-
<b>Total</b>	<b>36,739</b>	<b>33,583</b>

## Current Assets

### 10 Financial Assets

#### 10.1 Trade Receivables

(Figures in Rs.)		
Particulars	As at 31st March 2019	As at 31st March 2018
<b>Considered Good: Secured</b>		
Trade receivables*	63,43,74,775	38,12,87,981
<b>Total</b>	<b>63,43,74,775</b>	<b>38,12,87,981</b>

#### \*Break-up for Trade Receivables

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Considered Good: Secured</b>		
(a) From Related Party - Ircon International Limited	1,30,14,219	3,91,12,558
(b) From Others	62,13,60,556	34,21,75,423
<b>Considered Good: UnSecured</b>	-	-
<b>Significant increase in Credit Risk</b>	-	-
<b>Credit impaired</b>	-	-
	<hr/> 63,43,74,775	<hr/> 38,12,87,981
Allowances for Doubtful receivables	-	-
<b>Total Trade Receivables</b>	<b>63,43,74,775</b>	<b>38,12,87,981</b>

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.

**Current Assets**  
**Financial Assets**

**10.2 Cash and Cash equivalents**

**(Figures in Rs.)**

Particulars	As at 31st March 2019	As at 31st March 2018
Cash in hand	1,42,224	1,01,548
Cheques/drafts in hand		
<i>Balances with banks:</i>		
– On current accounts	51,79,237	1,47,34,323
– Flexi Accounts	19,83,339	11,50,38,972
– Deposits with original maturity of less than three months	-	-
<b>Total</b>	<b>73,04,800</b>	<b>12,98,74,843</b>

**10.3 Bank Balances other than Cash and Cash equivalents**

**(Figures in Rs.)**

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Other Bank Balances</b>		
– Deposits with original maturity of more than 3 months but less than 12 months	1,32,03,78,599	41,10,15,409
– Deposits with original maturity of more than 3 months but less than 12 months (Bank Guarantee)	2,29,06,000	61,90,196
<b>Total</b>	<b>1,34,32,84,599</b>	<b>41,72,05,605</b>

**Note 10.3.1:** Rs. 2,29,06,000 as on 31st March 2019 (31st March 2018 Rs. 61,90,196 ) represents fixed deposit placed with National Investigation Agency and Ministry of Health and Family Affairs.(represents fixed deposit placed with Ministry of Construction, Myanmar)

**Current Assets**  
**Financial Assets**

**10.4 Loans**

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b><u>Considered Good: Unsecured</u></b>		
Security deposits	6,10,500	5,63,500
<b><u>Staff Loan*</u></b>		
A. Considered Good: Secured	55,720	-
B. Considered Good: Unsecured,	2,06,568	-
<b>Total</b>	<b>8,72,788</b>	<b>5,63,500</b>

\*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.

**10.5 Other Financial Assets**

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>a) Considered good -Secured,</b>		
Fixed deposits having remaining maturity of less than 12 months	8,95,27,909	-
Fixed deposits having remaining maturity of less than 12 months (Bank Guarantee)	43,52,986	-
Interest Accrued on Staff Loans & Advances		58,714
Interest Accrued on FDR's with Bank	2,07,42,616	1,37,12,349
<b>b) Considered good-Unsecured,</b>		
Money Withheld by Client/ Retention Money	34,85,668	48,33,021
Earnest Money Deposit	33,00,000	28,00,000
<b>c) Contract Asset</b>		
Billable Revenue	2,01,59,283	2,01,59,283
<b>Total</b>	<b>14,15,68,461</b>	<b>4,15,63,367</b>

(a) Includes Value of work amounting to Rs. 201,59,283/- (Rs. 201,59,283) certified by client, but not billed by reporting date.

**Note 10.5.1:** Rs. 43,52,986 as on 31st March 2019 represents fixed deposit placed with Haryana vishwakarma Skill University and Ministry of External Affairs and Central Board of secondary Education.

## Current Assets

### 11 Current Tax

#### 11.1 Current Tax Assets

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
Provision of income tax (Net of advance tax & TDS)	-	20,65,416
Advance tax/ TDS Receivable (Previous Years)	-	-
<b>Total</b>	<b>-</b>	<b>20,65,416</b>

#### 11.2 Current Tax Liability

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
Provision of income tax (Net of advance tax & TDS)	41,07,997	-
Advance tax/ TDS Receivable (Previous Years)	-	-
<b>Total</b>	<b>41,07,997</b>	<b>-</b>

### 12 Other Current Assets

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Advances Other than Capital advances</b>		
Advance to Contractor	73,07,710	21,00,000
<b>Others</b>		
Prepaid Expense	7,50,282	9,66,267
Imprest to Staff	61,869	48,106
<b>Total</b>	<b>81,19,861</b>	<b>31,14,373</b>

### 13 Equity Share capital

(Figures in Rs.)

Particulars	As at 31st March	As at 31st
	2019	March 2018
<b>Authorized share capital</b>		
6,50,00,000 Equity shares of Rs.10 each-fully paid		
(as at 31.03.2018 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
<b>Issued/Subscribed and Paid up Capital</b>		
6,50,00,000 Equity shares of Rs.10 each-fully paid		
(as at 31.03.2018 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 shareholder	As at 31 March 2019		As at 31 March 2018	
	No in Lakhs	% holding in the class	No in Lakhs	% holding in the class
Iron International Limited- Holding Company ( IRCON)	6,50,00,000	100.00%	6,50,00,000	100.00%
<b>Total</b>	<b>6,50,00,000</b>	<b>100.00%</b>	<b>6,50,00,000</b>	<b>100.00%</b>

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

Particulars	As at 31 March	As at 31 March	As at 31 March	As at 31 March
	2018	2017	As at 31 March 2016	2015
	No in ....	No in ....	No in ....	No in ....
Equity shares allotted other than cash	-	-	-	-
Equity shares issue as bonus	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Reconciliation of the number of equity shares and share capital

(Figures in Rs.)

Particulars	As at 31 March 2019			As at 31 March 2018		
	No of shares	Rs	Amount	No of shares	Rs	Amount
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	6,50,00,000	65,00,00,000	65,00,00,000	6,50,00,000	65,00,00,000	65,00,00,000
Add: Shares Issued during the year	-	-	-	-	-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	<b>6,50,00,000</b>	<b>65,00,00,000</b>	<b>65,00,00,000</b>	<b>6,50,00,000</b>	<b>65,00,00,000</b>	<b>65,00,00,000</b>

#### NOTE:

1) 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.

14 Other Equity (Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
Retained Earnings	-	-
General Reserve	77,37,87,820	63,35,28,980
<b>Total</b>	<b>77,37,87,820</b>	<b>63,35,28,980</b>

14.1 Retained Earnings (Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
Opening Balance		
Add: Profit transferred from Statement of Profit & Loss	14,02,58,966	13,65,43,859
Add: Other comprehensive income arising from remeasurement of defined benefit obligation	-126	-5,477
Less: Transfer to General reserve	14,02,58,840	13,65,38,383
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

The company has not declared any dividend during the year.

14.2 General Reserve (Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
Opening Balance	63,35,28,980	49,69,90,598
Add: Transferred from Statement of Profit & Loss	14,02,58,840	13,65,38,383
<b>Closing Balance</b>	<b>77,37,87,820</b>	<b>63,35,28,980</b>

**Nature & Purpose of Other Reserves**

**(a) Retained Earnings**

Retained Earnings represents the undistributed profits of the Company.

**(b) General Reserve**

General Reserve represents the statutory reserves, this is in accordance with Corporate Law wherein a portion of profit is apportioned to General Reserve. Under Companies Act, 2013, the transfer of any amount to General Reserve is at the discretion of the Company.



## Non - Current Liabilities

### 15.1 Other Financial Liability

Particulars	(Figures in Rs.)	
	As at 31st March 2019	As at 31st March 2018
Considered good-Unsecured, Retention Money	4,14,19,806	3,50,469
<b>Total</b>	<b>4,14,19,806</b>	<b>3,50,469</b>

## Non - Current Liabilities

### 16 Provisions

Particulars	(Figures in Rs.)	
	As at 31st March 2019	As at 31st March 2018
<b>Provisions for employee benefits:</b>		
i) Gratuity	1,71,921	1,11,667
ii) Leave Salary	14,37,375	1,50,996
<b>Total</b>	<b>16,09,296</b>	<b>2,62,663</b>

### 17 Other Non-Current Liability

Particulars	(Figures in Rs.)	
	As at 31st March 2019	As at 31st March 2018
Upfront Amount from Sub - leasing of MFCs	31,75,79,006	31,47,39,447
<b>Total</b>	<b>31,75,79,006</b>	<b>31,47,39,447</b>

**18 Current Liabilities**  
**Financial Liabilities**

**18.1 Trade Payables**

<b>Particulars</b>	<b>(Figures in Rs.)</b>	
	<b>As at 31st March 2019</b>	<b>As at 31st March 2018</b>
(A) Micro, Small & Medium Enterprises (Refer Note No. 33)	1,91,22,697	-
(B) Other than Micro, Small & Medium Enterprises		
(a) Contractor & Suppliers	13,20,04,187	1,00,07,606
(b) Related Parties		
Irrcon International Limited	-	-
<b>Total</b>	<b>15,11,26,884</b>	<b>1,00,07,606</b>

## 18.2 Other Financial Liabilities

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b><u>Other payables</u></b>		
Staff Payable	38,21,384	16,98,491
Deposits, Retention money	3,57,49,769	2,33,93,511
Others	-	19,102
Other Expenses-Provisions	53,39,162	1,55,97,924
<b><u>Other Payable- Ircon International Limited</u></b>		
Interest Payable on Loan		
- Towards Reimbursement of remuneration of staff, other exp , etc	1,07,38,772	1,01,37,156
- Towards Payment of rent	-	-
<b>Total</b>	<b>5,56,49,086</b>	<b>5,08,46,184</b>

## 19 Other Current Liabilities

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Others</b>		
Statutory dues:		
Upfront Amount from Sub - leasing of MFCs	2,76,21,560	90,71,133
	1,43,57,779	1,43,57,779
<b>Contract Liability:</b>		
Advance from Customers	97,47,88,297	20,47,90,945
<b>Total</b>	<b>1,01,67,67,637</b>	<b>22,82,19,857</b>

## 20 Provisions

(Figures in Rs.)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>Provisions for employee benefits:</b>		
i) Gratuity	174	116
ii) Leave Salary	6,244	3,421
iii) PRP	5,03,089	3,14,905
<b>Total</b>	<b>5,09,507</b>	<b>3,18,442</b>

## 21 Revenue from operations

(Figures in Rs.)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
<b>Revenue from Contracts with Customers</b>		
(A) Sale of Services		
Supply of Manpower		
- Others		
- Related Party	52,65,659	48,16,293
Sub- Total	52,65,659	48,16,293
Project Management Consultancy		
- Others	47,68,34,925	15,46,16,659
- From Swachh Bharat Abhiyan Projects	-	4,07,550
- Related Party		
Sub- Total	47,68,34,925	15,50,24,209
(B) Other operating Revenues		
Execution of CSR & Swachh Bharat Abhiyaan projects	3,72,14,286	1,53,66,962
Others	3,35,500	66,275
Related Party	-	-
Sub- Total	3,75,49,786	1,54,33,237
<b>Other Revenue</b>		
Lease Rentals from Sub-Leasing of MFCs		
- Others	17,78,57,517	14,82,77,654
- Related Party		
Sub- Total	17,78,57,517	14,82,77,654
Leasing of Plant & Machinery		
- Others		-
- Related Party	88,91,667	-
Sub- Total	88,91,667	-
<b>Total</b>	<b>70,63,99,554</b>	<b>32,35,51,393</b>

## 22 Other Income

(Figures in Rs.)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Bank Interest Gross	2,41,47,922	3,84,04,577
Interest on staff advances	32,211	315
Interest on Receivables & Advances	2,56,23,403	2,64,71,353
Interest on Refund of Income Tax	-	3,69,864
Exchange Fluctuation gain	21,32,762	9,83,905
Other non- operating income		
- from Others	58,15,292	14,03,133
- from Related Party (Ircon International Limited)	-	-
<b>Total</b>	<b>5,77,51,589</b>	<b>6,76,33,147</b>

## 23 Operating Expenses

Particulars	(Figures in Rs.)	
	For the year ended 31st March 2019	For the year ended 31st March 2018
Cost of Operations	44,22,59,082	8,60,40,715
<b>Total</b>	<b>44,22,59,082</b>	<b>8,60,40,715</b>

### i) Break-up of Cost of Operations

Particulars	(Figures in Rs.)	
	For the year ended 31st March 2019	For the year ended 31st March 2018
Work Expenses-CSR	3,59,53,728	1,27,55,358
Work Expenses-Consultancy works	57,59,977	84,02,613
Work Expenses-Leasing of MFCs	4,73,96,658	4,39,11,270
Work Expenses for operation & Maintenance of EMP LAB	7,47,190	9,77,815
Works Expenses for other Projects	35,15,56,728	38,92,661
Works Expenses- LPAI	-	9,30,000
Works Expenses -MEA	8,44,800	1,51,70,999
<b>Total</b>	<b>44,22,59,082</b>	<b>8,60,40,715</b>

**24 Employee Benefit Expenses****(Figures in Rs.)**

<b>Particulars</b>	<b>For the year ended 31st March 2019</b>	<b>For the year ended 31st March 2018</b>
Salaries & Wages	7,75,29,655	3,91,89,698
Contribution to provident and other funds	53,89,121	28,38,876
<b>Total</b>	<b>8,29,18,777</b>	<b>4,20,28,573</b>

**25 Finance Cost****(Figures in Rs.)**

<b>Particulars</b>	<b>For the year ended 31st March 2019</b>	<b>For the year ended 31st March 2018</b>
Interest Expenses		
- Interest on Loan from related party (Ircon International Limited)	-	1,19,16,642
Interest on Income Tax	51,724	11,57,092
Bank and other Financial Charges	4,25,688	7,05,061
<b>Total</b>	<b>4,77,412</b>	<b>1,37,78,795</b>

**26 Depreciation, amortization and impairment****(Figures in Rs.)**

<b>Particulars</b>	<b>For the year ended 31st March 2019</b>	<b>For the year ended 31st March 2018</b>
Property, Plant and equipment	1,46,88,512	1,63,50,497
Intangible Assets	1,65,61,935	2,53,82,485
<b>Total</b>	<b>3,12,50,447</b>	<b>4,17,32,982</b>

27 Other Expenses

(Figures in Rs.)

Particulars	For the year ended on 31st march 2019	For the year ended on 31st march 2018
Rates and Taxes	12,72,809	20,46,005
Travelling & conveyance	96,70,645	1,05,42,400
Printing & stationery	7,15,048	4,05,214
Postage, telephone & telex	5,52,441	3,06,612
Legal & Professional charges	25,92,963	30,06,062
Loss on Sale of Fixed Assets	3,25,617	-
Insurance	31,34,141	93,253
Rent	41,46,752	36,21,034
Training & Recruitment Expenses	2,500	47,018
Vehicle operation & Maintenance	25,87,434	12,15,772
Auditors remuneration ( Refer Points (i) for detail)	2,41,209	2,35,900
Advertisement & publicity	40,96,877	15,99,120
Miscellaneous expenses	20,21,396	15,06,685
Interest on Late Payment of Statutory dues	25,823	2,54,978
Fee & subscription charges	6,04,338	11,193
Repair & Maintenance	11,73,706	4,44,877
CSR	14,60,151	9,96,081
Exchange Fluctuation Loss	6,60,687	2,08,367
<b>Total</b>	<b>3,52,84,536</b>	<b>2,65,40,569</b>

(i) Payment to Statutory Auditors:

(Figures in Rs.)

Particulars	For the year ended on 31st March 2019	For the year ended on 31st March 2018
(I) Audit Fee - current year	1,83,409	1,85,400
(ii) Tax Audit Fees - current year	37,800	31,500
(iii) Travelling & out of pocket expenses: - Local	20,000	19,000
<b>Total</b>	<b>2,41,209</b>	<b>2,35,900</b>



## 28 Income Tax Expense

### Income tax recognised in profit and loss

Particulars	(Figures in Rs.)	
	For the year ended on 31st March 2019	For the year ended on 31st March 2018
<b>Current income tax:</b>		
Current income tax charge	3,70,55,508	3,86,41,721
Adjustment: Earlier Years	-	-87,57,877
<b>Deferred tax:</b>		
In respect of the current year	-53,53,585	1,46,35,202
<b>Total</b>	<b>3,17,01,924</b>	<b>4,45,19,046</b>

### Reconciliation between tax expense and the accounting profit :

Particulars	(Figures in Rs.)	
	For the year ended on 31st March 2019	For the year ended on 31st March 2018
Accounting profit before tax from continuing operations	17,19,60,889	18,10,62,905
<b>Accounting profit before income tax</b>	<b>17,19,60,889</b>	<b>18,10,62,905</b>
At India's statutory income tax rate of 21.5488%	3,70,55,508	3,86,41,721
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income</b>		
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
Non Taxable Items (OCI)	52	
Add: Deferred tax liabilities recognised	-53,53,636	1,46,35,202
<b>At the effective income tax rate of 18.45% (31 March 2018 : 24.59% )</b>	<b>3,17,01,924</b>	<b>4,45,19,046</b>
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	3,17,01,924	4,45,19,046
	<b>3,17,01,924</b>	<b>4,45,19,046</b>

### Note 29 Components of Other Comprehensive Income (OCI)

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

Particulars	(Figures in Rs.)	
	For the year ended on 31st March 2019	For the year ended on 31st March 2018
Remeasurements of defined benefit plans	-178	-8,375
Tax component of remeasurements of defined benefit obligation	52	2,898
<b>Total</b>	<b>-126</b>	<b>-5,477</b>

### 30 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.

Particulars	For the year ended on 31st March 2019	For the year ended on 31st March 2018
Basic EPS	2.16	2.10
Diluted EPS	2.16	2.10

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:-

Particulars	(Figures in Rs.)	
	For the year ended on 31st March 2019	For the year ended on 31st March 2018
Profit attributable to equity holders of the parent:		
Continuing operations	14,02,58,966	13,65,43,859
Discontinued operation		
<b>Profit attributable to equity holders for Basic Earning Per Share</b>	<b>14,02,58,966</b>	<b>13,65,43,859</b>
Interest on convertible preference shares		
<b>Profit attributable to equity holders of the parent adjusted for the effect of dilution</b>	<b>14,02,58,966</b>	<b>13,65,43,859</b>

The following reflects the weighted average No of shares used in the basic EPS Computations

Particulars	Year ended	
	31st March 2019	31st March 2018
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	-	-
<b>Weighted average number of Equity shares adjusted for the effect of dilution*</b>	<b>6,50,00,000</b>	<b>6,50,00,000</b>

\* 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.

# Accounting Policies

## **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: Significant Accounting Policy under Ind AS (Standalone).**

### **Basis of Preparation**

#### **2.1 Statement of Compliance**

The financial statements as at and for year ended March 31, 2019 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

## Accounting Policies

- Impairment of Non-financial assets
- Impairment of financial assets
- Estimation of Deferred & Current tax
- Revenue – The Company recognizes revenue for a performance obligation satisfied over time after reasonably measuring its progress towards complete satisfaction of the performance obligation.

The recognition of revenue require assessments and judgements to be made on changes in work scope, claims (compensation, rebates etc.) and other payments to the extent performance obligation is satisfied and they are probable and are capable of being reasonably measured. For the purpose of making estimates for claims, the company used the available contractual and historical information.

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.

### 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.

## Accounting Policies

- 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) Subsequent cost relating to property, plant & equipment shall be recognized as an asset if:
  - a) it is probable that future economic benefits associated with the items will flow to the entity; and
  - b) the cost of the item can be measured reliably.
- (d) Cost of asset includes the following

## Accounting Policies

- 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.
- (e) 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.
- (f) 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.
- (g) 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.

## Accounting Policies

- (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.

## Accounting Policies

### 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 and Bank Overdraft.

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



## Accounting Policies

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.

### **(e)- Onerous Contract**

A contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it are termed as onerous contract and the present obligation under such contracts is recognized and measured as a provision

## **2.13 Revenue Recognition**

### **(a) Revenue from contracts with customers**

**(i) Revenue from Project Management Consultancy (PMC) Services:** Revenue from contract with customer is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

## Accounting Policies

Revenue from contract with customers is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

When another party is involved in providing goods or services to our customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. Revenue is booked on gross basis where the company acts as a principal and on net amount that it retains for its services, in case the company acts as an agent. The Company has recognized revenue by considering the substance of the contracts.

In all PMC Contracts, the Company recognize revenue for a performance obligation satisfied over time after reasonably measuring its progress towards complete satisfaction of the performance obligation, In case where the outcome of a performance obligation cannot be reasonably measured but the Company expects to recover the costs incurred in satisfying the performance obligation, the revenue is being recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Performance obligation is measured by applying input method. In the contracts where performance obligation cannot be measured by input method, the output method is applied, which faithfully depict the Company's performance towards complete satisfaction of the performance obligation.

Revenue is measured at the transaction price that is allocated to the performance obligation and it excludes amounts collected on behalf of third parties and is adjusted for variable consideration, if any.

After contract inception, the transaction price can change for various reasons. Any subsequent change in the transaction price is then allocated to the performance obligations in the contract on the same basis as at contract inception. Consequently, amounts allocated to a satisfied performance obligation are recognised as revenue, or as a reduction of revenue, in the period in which the transaction price changes.

Estimate of revenues, costs, or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated

## Accounting Policies

revenues or costs are recognized by including it in profit or loss in the period of the change, if the change affects that period only or the period of change and future periods, if the change affects both.

If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. If a customer pays consideration before the Company transfers good or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liability is recognised as revenue when the Company performs under the Contract.

### **(ii) Revenue from Supply of manpower:**

The Company recognizes revenue on satisfaction of the performance obligation by transferring the promised service (i.e. supply of agreed manpower) as mentioned in the contract with the customer. Such services are recognized as a performance obligation satisfied over time because the customer simultaneously receives and consumes the benefit provided by the Company.

### **(b) Other Revenue Recognition**

- i) Dividend income is recognized when the right to receive payment is established.
- ii) Interest income is recognized using Effective Interest rate Method. Interest income is included in other income in the Statement of Profit and Loss.

## **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.

## Accounting Policies

- 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. No rental income is booked in the case of termination of the contract however, on revival of contract, rental income is booked with retrospective effects.

## **2.15 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

## Accounting Policies

- 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.

### 2.16 Mobilization 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.

### 2.17 Depreciation & Amortization

(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. *Ordinarily, the residual value of an asset is upto 5% of the original cost of the asset* as

## Accounting Policies

specified in Schedule II of the Companies Act, 2013

(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:

<b>Intangible Assets</b>	<b>Useful life</b>	<b>Internally generated or self-generated</b>
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.

### **2.18 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.

### **2.19 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.

## Accounting Policies

### 2.20 Employment Benefits

#### a) Short Term 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.

### 2.21 Taxes

#### a) Current income tax

- i. Taxes including current income-tax are computed using the applicable tax rates and tax laws.

## Accounting Policies

- 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).

### **2.22 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

### **2.23 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



## Accounting Policies

equity shareholders and weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

### 2.24 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.

### 2.25 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:

## Accounting Policies

- 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.

### **2.26 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.

### **2.27 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**

## Accounting Policies

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.

## Accounting Policies

### **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.

#### **c) 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.

##### **d) 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 and contract assets. 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.

### **2.28 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

## Accounting Policies

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.

### **2.29 Standard issued but not effective for the FY 2018-19**

Ind AS 116 Leases: On March 30,2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace Ind AS 17 and related interpretations from its proposed effective date, being annual periods beginning on or after 1 April 2019. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. Ind AS 116 requires the identification of leases and introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The Company as a lessee, would be required to account for the assets on lease and corresponding liability for all leases in its Balance Sheet

## **NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES**

**31.** 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/-** (15,27,42,010/-)
- 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.
- d. Bank Guarantee issued to clients/others:
  - i. Bank Guarantee issued to Ministry of External Affairs for Project Management Consultancy Services of Rs. 2,27,70,000/- vide BG No IOB/LGI/040871217000019 dated 24.03.2017.
  - ii. Bank Guarantee issued to Central Board of Secondary Education of Rs 10,00,000/- vide BG No 0408/IOB/LGI/71317000035 dated 22.09.2017
  - iii. Bank Guarantee issued to Haryana Vishwakarma Skill University of Rs. 10,00,000/- vide BG No. 0408/IOB/LGI/71217000064 dated 19.08.2017
  - iv. Bank Guarantee issued to Haryana Vishwakarma Skill University of Rs. 22,40,500/- vide BG No IOB/LGI/0408/71318000054 dated 20.09.2018
  - v. Bank Guarantee issued to Pay & Accounts officer (Sectt.) Ministry of Health & Family Affairs of Rs 50,00,000/- vide BG No IOB/LGI/0408/71218000011 dated 26.09.2018
  - vi. Bank Guarantee issued to National Investigation Agency of Rs. 34,36,000/- vide BG No IOB/LGI/0408/71319000009 dated 19.02.2019
  - vii. Bank Guarantee issued to National Investigation Agency of Rs. 83,70,000/- vide BG No IOB/LGI/0408/71319000010 dated 19.02.2019
  - viii. Bank Guarantee issued to National Investigation Agency of Rs. 61,00,000/- vide BG No IOB/LGI/0408/71319000008 dated 19.02.2019
  - ix. Bank Guarantee issued to Navodaya Vidyalaya Samiti of Rs 1,73,54,600/- vide BG No IOB/LGI/0408/71117000036 dated 08.11.2017
  - x. Bank Guarantee issued to Navodaya Vidyalaya Samiti of Rs 1,55,04,500/- vide BG No IOB/LGI/0408/71217000074 dated 08.11.2017
  - xi. Bank Guarantee issued to Haryana Vishwakarma Skill University of Rs. 37,37,500/- vide BG No. 0408/IOB/LGI/71117000034 dated 08.11.2017
  - xii. Bank Guarantee issued to Ministry of External Affairs of Rs. 36,00,625/- vide BG No IOB/LGI/040871117000035 dated 08.11.2017

**32. Capital Commitment:**

### **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. 2,23,60,750** (as at 31<sup>st</sup> March 2018 Rs.2,17,15,638) has been carried out upto 31 March 2019.

**33.**

- a. Some of the balances shown under debtors, advances and creditors are subject to confirmation / reconciliation/ adjustment, if any. The Company had sent letters for confirmation to parties included in the above.
- b. Goods and Service Tax (GST), 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.

**34.**

- a. The Company has sent 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 found that only some supplier is covered under the Micro, Small and Medium Enterprises Development Act, 2006 and are amounts due to Micro, Small and Medium Enterprises as on **31<sup>st</sup> March 2019 is Rs 1,91,22,697/-** and 31<sup>st</sup> March 2018 is Rs Nil.
- 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 31<sup>st</sup> March 2019 is **Rs NIL** and 31<sup>st</sup> March 2018 (Rs NIL).

**Disclosure as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under:**

<b>Particulars</b>	<b>For the year ended 31 Mar 2019</b>	<b>Year ended March 31, 2018</b>
(a). the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
• Principal amount due to Micro, Small and Medium Enterprises	1,91,22,697/-	Nil
	Nil	Nil
• Interest due on above		
(b). the amount of interest paid by the Region in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(c). the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act,2006	Nil	Nil
(d). the amount of interest accrued and remaining unpaid at the end of each accounting year;	Nil	Nil
(e). the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

**35. Foreign Exchange Earning & Outgo:**

**a. CIF value of Imports:**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Materials/ Machinery	0.00	0.00
Consumables, Components and Spares	0.00	2,50,000
<b>TOTAL</b>	<b>0.00</b>	<b>2,50,000</b>



**b. Earnings in foreign currency:**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Work Receipts	<b>51,11,771</b>	1,91,71,252
Bank Interest	<b>0.00</b>	1,543
Other Interest	<b>0.00</b>	0.00
Foreign Exchange Fluctuation Gain (Net)	<b>14,72,075</b>	1,92,110
Others	<b>9,94,986</b>	2,21,693
<b>TOTAL</b>	<b>75,78,832</b>	1,95,86,598

**c. Expenditure in foreign currency:**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
Operational Expenses	<b>10,36,048</b>	2,50,000
Consultancy charges	<b>0.00</b>	0.00
Foreign Exchange Fluctuation Loss (Net)	<b>0.00</b>	0.00
Administrative & Other Expenses*	<b>96,94,881</b>	1,53,55,316
<b>TOTAL</b>	<b>1,07,30,929</b>	1,56,05,316

\* Administrative Expenses Include Myanmar Project Expense which has been incurred in Local Currency (Kyats) however Payment has been received in INR from client i.e. (Ministry of External Affairs (MEA)).

**36.**

- a. For regular Employees P.F contribution, gratuity, leave encashment & other retirement benefits has been accounted in terms of Ind AS-19. In respect of Pension and PRP payable to regular employees of IrconISL, Policy of Ircon International Limited (Holding Company) has been Adopted and accordingly Contribution in NPS Scheme of Pension is being made and provision for PRP is Booked.
- b. Company has also employed certain employee on Short term contract basis for various projects. As per contract of Appointment, the Contract Employees posted in Foreign Project are only entitled for the Leave salary and no other retirement benefits are payable to them. Accordingly, 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 Organization.
- d. 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 received from 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.20.)

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

### **37. Disclosure As Per Ind AS-19 (Employee Benefits)**

#### **Gratuity**

Gratuity is payable on separation (i.e. due to superannuation, retirement, resignation, physical incapacitation or death) @15 days pay for each completed year of service to eligible employee, who rendered continuous service of 5 year or more. The gratuity ceiling of Rs 20 Lakh has been considered for actuarial valuation.

Provision as on 31<sup>st</sup> March 2019 in respect of Gratuity for Regular employees of the Company as per actuarial valuation IndAS-19 is **Rs 1,72,095** (FY 2017-18 Rs 1,11,783)

#### **Pension**

In respect of Pension payable to regular employees of IrconISL, Policy of Ircon International Limited (Holding Company) has been Adopted and accordingly Contribution in NPS Scheme of Pension is being made and deposited on regular basis to the approved recognized fund.

#### **Leave Encashment**

In respect of encashment of leave, rules of Ircon International Limited (Holding Company) have been adopted, therefore provision for leave encashment for regular employees of the company has been provided in the books on accrual basis.

Provision as on 31<sup>st</sup> March 2019 in respect of Leave Encashment for Regular employees of the Company as per actuarial valuation Ind AS-19 is **Rs 2,85,134** (FY 2017-18 Rs 1,54,417)

- 38.** The Company has taken a loan of Rs. **Nil** (FY 17-18- Nil) from its Holding Company. During the year ended 31<sup>st</sup> March 2019 a sum of **Rs. Nil** (as at 31<sup>st</sup> March 2018 Rs.22,92,00,000) have been repaid and Outstanding Loan comes to **Rs. Nil** (as at 31<sup>st</sup> March 2018 Rs. Nil). Interest was paid on the loan for the period ended on 31<sup>st</sup> March 19 is **Rs. Nil** (F.Y 17-18 Rs. 1,19,16,642).

#### **39.**

- 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.
- a. 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.

- b. 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.
- c. 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).
- d. The company has Sub- leased 23 MFCs till date out of which 5 MFCs i.e. Mysore, Thiruvalla, Kannur, Rajgir and Rampurathaath were terminated due to non- payment of dues.
- e. 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. 17,78,57,517** (FY 17-18 Rs. 14,82,77,654). 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.

40As 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. 35,00,014** (F.Y 2017-18 Rs. 48,16,293). Expenditure incurred on the same is **Rs. 13,08,988** (F.Y 17-18 Rs. 18,46,265).

41As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 28.03.2019, IrconISL has leased out "Duomatic Tamping Machine" to IRCON's Jayanagar Nepal Project on Hire Charges w.e.f. 28.05.2018. The revenue from the same is **Rs. 88,91,667**. Expenditure incurred on the same is **Rs. 1,03,06,413**.

42As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 26<sup>th</sup> March 2019, IrconISL has been awarded the work of "Supply of Manpower" to IRCON's Algeria Project on Man-day rate basis w.e.f. 01.10.2017 The revenue from the same is **Rs. 16,11,757** and **Reimbursement towards payment of salary i.e. Rs 14,20,463 Total Receivable from Algeria Project i.e. Rs 30,32,220/-** Expenditure incurred on the same is **Rs. 9,95,722/-**.

43As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 25<sup>th</sup> March 2019, IrconISL has been awarded the work of "Supply of Manpower" to IRCON's Kolkata Region on Man-day rate basis w.e.f. 01.01.2019. The revenue from the same is **Rs. 1,53,888**. Expenditure incurred on the same is **Rs.1,16,582/-**.

44 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 revenue from the same is **Rs. 3,35,500 (FY 2017-18 Rs. 66,275)** The Company has incurred an expense of **Rs. 6,78,122 (F.Y 2017-18 Rs. 9,68,315)** on operation & Maintenance of EMP Lab at Jammu during the year, which is charged to Profit & Loss account.

45 The company has secured and executed 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. 3,72,14,286 (F.Y 2017-18 Rs. 1,53,66,962)**.

#### **46 New Project Secured During the Year 2018-19**

- a. As per Agreement between Container Corporation of India (CONCOR) and Ircon Infrastructure & Services Limited (IrconISL) dated 11.06.2018, IrconISL has been awarded the work of Engagement of Consultant for setting up a MMLP near Bhaupur on Eastern Dedicated Freight corridor (Gujarat).
- b. As per Agreement between National Thermal Power Corporation (NTPC) and Ircon Infrastructure & Services Limited (IrconISL) dated 26.07.2018, IrconISL has been awarded the work of Project Management and Replacement of Sleepers with PRC Sleepers MGR System of Stage-1 at NTPC Unchahar (Uttar Pradesh).
- c. As per Agreement between Container Corporation of India (CONCOR) and Ircon Infrastructure & Services Limited (IrconISL) dated 03.09.2018, IrconISL has been awarded the work of Engagement of Detailed Engineering and Project Supervision for Setting up a MMLP Container Terminal at Dahej Near Ankleshwar (Gujarat.).
- d. As per Agreement between National Disaster Response Force (NDRF) and Ircon Infrastructure & Services Limited (IrconISL) dated 16.11.2018, IrconISL has been awarded the work of Construction of infrastructure works for NDRF Academy, Nagpur (Maharashtra).
- e. During the year, company has also secured Constructions of Toilets Blocks under Swachh Bharat Abhiyan Projects from Power grid Corporation of India (PGCIL).

#### **47 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 5 MFC's at Kannur, Rajgir, Rampurathaat Thiruvalla, and Mysore has been terminated as on 31-03-2019.

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	<b>16,15,69,326.00</b> (18,33,89,342)	<b>94,56,95,666.00</b> (1,04,89,11,766)	<b>6,36,14,50,015.00</b> (7,62,80,57,960)
Payable	<b>Nil (Nil)</b>	<b>Nil (Nil)</b>	<b>Nil (Nil)</b>

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

Particulars of assets	2018-19	2017-18
Gross carrying amount of Assets	<b>88,78,73,517</b>	75,44,83,701
Accumulated Depreciation/ Amortization	<b>8,55,19,331</b>	5,97,04,415

Particulars	2018-19	2017-18
Depreciation/ Amortisation for the year	<b>1,47,06,531</b>	2,05,45,422

#### 48 Disclosure under Ind AS-115 on Revenue from contracts with Customers\*

##### (a) Disaggregation of Revenue

Below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended March 31, 2019		
Type of goods or service	Building	Others	Total
<b>Timing of satisfaction of performance obligation:</b>			
Over time	47,68,34,925	4,28,15,445	51,96,50,370
At a point in time	-	-	-
<b>Total</b>	<b>47,68,34,925</b>	<b>4,28,15,445</b>	<b>51,96,50,370</b>
<b>Method for measuring performance obligation:</b>			
Input method	47,68,34,925	4,28,15,445	51,96,50,370
Output method	-	-	-
<b>Total</b>	<b>47,68,34,925</b>	<b>4,28,15,445</b>	<b>51,96,50,370</b>
<b>Geographical markets:</b>			
Domestic	40,96,60,892	3,77,03,674	44,73,64,566
International	6,71,74,033	51,11,771	7,22,85,804
<b>Total</b>	<b>47,68,34,925</b>	<b>4,28,15,445</b>	<b>51,96,50,370</b>

<b>For the year ended March 31, 2018</b>			
<b>Type of goods or service</b>	<b>Building</b>	<b>Others</b>	<b>Total</b>
<b>Timing of satisfaction of performance obligation:</b>			
Over time	15,50,24,209	2,02,49,530	17,52,73,739
At a point in time	-	-	-
<b>Total</b>	<b>15,50,24,209</b>	<b>2,02,49,530</b>	<b>17,52,73,739</b>
<b>Method for measuring performance obligation:</b>			
Input method	15,50,24,209	2,02,49,530	17,52,73,739
Output method	-	-	-
<b>Total</b>	<b>15,50,24,209</b>	<b>2,02,49,530</b>	<b>17,52,73,739</b>
<b>Geographical markets:</b>			
Domestic	2,53,36,865	1,54,33,237	4,07,70,102
International	12,96,87,344	48,16,293	13,45,03,637
<b>Total</b>	<b>15,50,24,209</b>	<b>2,02,49,530</b>	<b>17,52,73,739</b>

**(b) The reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:**

Revenue from Segment Reporting is **Rs.70,63,99,554\*** (Rs 32,35,51,393) (Refer Note 54)

\* Out of Total Segment revenue of **Rs 70,63,99,554** (FY 2017-18 32,35,51,393), revenue from PMC contracts is **Rs 51,96,50,370** (FY 2017-18 17,52,73,739) and **Rs 18,67,49,184** (FY 2017-18 14,82,77,654) is from leasing of MFC and Duomatic Machinery (Refer Note No 21)

(c) The Company has applied modified retrospective approach for the application of Ind AS 115 "Revenue from contracts with customers" and the effect is nil on retained earnings as at April 1, 2018.

**(d) Contract Balances:**

<b>Particulars</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Trade Receivables (Note 11.2)	63,43,74,775	38,12,87,981
Contract Assets (Note 11.6)	2,01,59,283	2,01,59,283
Contract Liabilities (Note 17)	97,47,88,297	20,47,90,945

(i) Trade receivables are non-interest bearing and the customer profile include Ministry of Railways, public sector enterprises, state owned companies in India and abroad. The Company's average project execution cycle is around 15 to 24 months. General

payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 60 days.

- (ii) Contract assets is recognised over the period in which services are performed to represent the Company's right to consideration in exchange for goods or services transferred to the customer. It includes balances due from customers under construction contracts that arise when the Company receives payments from customers as per terms of the contracts however the revenue is recognised over the period under input method. Any amount previously recognised as a contract asset is reclassified to trade receivables on satisfaction of the condition attached i.e. future service which is necessary to achieve the billing milestone.

Particulars	March 31, 2019	March 31, 2018
Contract Assets at the beginning of the year	2,01,59,283	2,53,53,373
Contract Assets at the end of the year	2,01,59,283	2,01,59,283

- (iii) Contract liabilities relating to construction contracts are balances due to customers, these arise when a particular milestone payment exceeds the revenue recognised to date under the input method and advance received in long term construction contracts. The amount of Advance received gets adjusted over the construction period as and when invoicing is made to the customer.

Particulars	March 31, 2019	March 31, 2018
Contract Liabilities at the beginning of the year	20,47,90,945	3,17,00,131
Contract Liabilities at the end of the year	97,47,88,297	20,47,90,945

*The Increase in Contract Liabilities is due to execution of projects i.e. Haryana Vishwakarma Skill University, Department of Science & technology & land Ports Authority of India.*

**(e) Revenue recognised in the period from:**

- (i) The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities.

Particulars	March 31, 2019	March 31, 2018
Advance in Construction Contracts (Contract liabilities)	10,40,00,000	58,35,118

- (ii) There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

**(f) Unsatisfied long-term contracts**

The following table shows unsatisfied performance obligations resulting from long-term construction contracts:

Particulars	(Amount in Rs)	
	March 31, 2019	March 31, 2018
Aggregate amount of the transaction price allocated to long-term construction contracts that are partially or fully unsatisfied as at 31 March 19	7,41,28,39,540	*

Management expects that transaction price allocated to the unsatisfied contracts as of March 31, 2019 will be recognised as revenue in the future as follows:

	(Amount in Rs)
	March 31, 2019**
In one year or less	Rs 3,50,48,04,297
More than one year to 2 years	Rs 3,90,80,35,243
More than 2 years	-
<b>Total</b>	<b>Rs 7,41,28,39,540</b>

\*\*The amount disclosed above does not include variable consideration which is constrained.

\*As permitted under the transitional provisions in Ind AS 115, the transaction price allocated to (partially) unsatisfied performance obligations as of March 31, 2018 is not disclosed.



#### 49 Related Party Disclosures:

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

**b. Relation and name of the related parties are:**

Nature of Relationship		Name of the Related Party
i. Holding Company		Ircan International Limited
ii. Key Management personnel:	Directors:	Shri M K Singh Shri Surajit Dutta, Shri A K Goyal and Shri Parag Verma
	Others	Others: -Shri C.K. Nayar (CEO) (Retired on 31 <sup>st</sup> Jan 2019) Sh Rana Pratap Singh (CEO) (Joined on 1 <sup>st</sup> February 2019)  Shri Aniket Khetrapal (CFO), (Cessation on 24 <sup>th</sup> January 2019) Mrs Pooja Chaurasia (CFO) Joined on 25 <sup>th</sup> January 2019  Ms. Deepshikha Gupta, Company Secretary (Cessation on 31 <sup>st</sup> May 2018) Miss Manisha Gola, Company Secretary Joined on 28 <sup>th</sup> November 2018

**c. Remuneration to Key management personnel are as under:**

S.No	Particulars	2018-19	2017-18
a)	Short-Term benefits	56,31,942	62,33,151
b)	Post-employment benefits*	26,71,780	30,26,342
c)	Other long-term benefits		
	<b>Total</b>	<b>83,03,722</b>	<b>92,59,493</b>

**\*Refer Note :- 36**

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	
	2018-19	2017-18	2018-19	2017-18
Remuneration to Key management personnel (c above)	<b>As per Note no 48 (c)</b>		<b>35,000</b>	44,000
Amount payable against Services & Purchase of Goods from Holding Company	<b>17,39,736</b>	16,10,867	<b>0.00</b>	0.00
Reimbursement of Expenses i.e. remuneration to staff as salary & Wages, PF contribution, travelling, etc.	<b>2,31,98,956</b>	1,03,78,490	<b>(1,07,38,772) *</b>	(1,01,37,156)
Revenue income from Holding company	<b>1,41,57,326</b>	48,16,293	<b>1,30,14,219</b>	3,91,12,558
Loan from Holding Company*	<b>0.00</b>	(22,92,00,000)	<b>0.00</b>	0.00
Interest payable on Loan taken from Holding company	<b>0.00</b>	1,19,16,642	<b>0.00</b>	0.00

\* During the year Company has taken a loan of **Rs Nil** and repaid **Rs Nil**.

**(i) Indicate the payment has to be made to Holding company (Ircon)**

50 The Company has inventory as at 31<sup>st</sup> March 2019 amounting of **Rs. 36,739** (as at 31<sup>st</sup> March 2018 Rs 33,583)

51 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 31<sup>st</sup> March 2019. The impairment loss is **Rs. Nil** (F.Y 2017-18 Rs. Nil).

52

a. 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. 18,08,000** (F.Y 17-18 (Rs 12,31,000)).

b. The Company has spent **Rs 14,60,151** (F.Y 17-18 Rs 12,56,000) as against required amount of **Rs 18,08,000** (F.Y 17-18 Rs 12,31,000) on Corporate Social Responsibility (CSR) Activities.

'Break up of expenditure incurred is as follows:

Description	2018-19	2017-18
Supply of Water cooler and Water Purifier	<b>Nil</b>	12,56,000
Promoting Education	<b>Nil</b>	Nil
Employment Development Training Expenses	<b>5,72,873</b>	Nil
Supply of Solar Panels and Computers in Schools	<b>8,87,278</b>	Nil
<b>TOTAL</b>	<b>14,60,151</b>	12,56,000

53 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

**54. 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 Segments based on Geographical location of the project viz. Domestic & International

Particulars	International		Domestic		Total	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>A. Turnover</b>						
Revenue from Operations	7,22,85,804.00	13,45,03,637.00	63,41,13,750.00	18,90,47,756.00	70,63,99,554.00	32,35,51,393.00
Other Income	20,73,945.00	13,35,413.00	5,56,77,644.00	6,62,97,734.00	5,77,51,589.00	6,76,33,147.00
Inter-segment						
Total Revenue	7,43,59,749.00	13,58,39,050.00	68,97,91,394.00	25,53,45,490.00	76,41,51,143.00	39,11,84,540.00
<b>B. Result</b>						
Profit before Provision, Depreciation, Interest and Tax.	3,43,06,256.00	10,12,35,633.00	17,47,21,654.00	14,12,40,469.00	20,90,27,910.00	24,24,76,102.00
Less: Provision & write backs ( Net)	-	-	53,39,162.00	59,01,420.00	53,39,162.00	59,01,420.00
Depreciation	2,16,641.00	35,85,839.00	3,10,33,806.00	3,81,47,143.00	3,12,50,447.00	4,17,32,982.00
Interest	-	-	4,77,412.00	1,37,78,795.00	4,77,412.00	1,37,78,795.00
Profit Before Tax	3,40,89,615.00	9,76,49,794.00	13,78,71,274.00	8,34,13,111.00	17,19,60,889.00	18,10,62,905.00
Tax Expense	73,45,903.00	2,40,09,753.00	2,43,56,021.00	2,05,09,293.00	3,17,01,924.00	4,45,19,046.00
Profit After Tax	2,67,43,712.00	7,36,40,041.00	11,35,15,128.00	6,28,98,342.00	14,02,58,840.00	13,65,38,383.00
<b>C. Other Information</b>						
Assets	66,50,502.00	4,05,13,508.00	3,18,18,09,566.00	2,03,24,44,285.00	3,18,84,60,068.00	2,07,29,57,793.00
Include Fixed Assets (Net Block)	7,25,865.00	5,42,629.00	95,46,92,176.00	98,57,22,289.00	95,54,18,041.00	98,62,64,918.00
Liabilities	17,07,681.00	4,22,011.00	1,76,29,64,567.00	78,90,06,802.00	1,76,46,72,248.00	78,94,28,813.00
Capital Expenditure: Additions to Fixed Assets	4,10,022.00	7,92,629.00	17,28,408.00	26,95,324.00	21,38,430.00	34,87,953.00

Two operating Segments based on Geographical location of the project viz. Domestic & International

Particulars	Operating Income		Segment Assets		Additions to Fixed Assets	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
Consultancy Projects	47,68,34,925.00	15,50,24,209.00	1,61,84,64,287.00	11,34,43,965.00	14,93,318.00	5,42,629.00
Supply of Manpower	52,65,659.00	48,16,293.00	30,08,408.00	3,87,87,561.00	-	-
Sub- Leasing of MFCs	17,78,57,517.00	14,82,77,654.00	1,20,37,52,316.00	1,12,43,89,613.00	-	-
Leasing of Plant & Machinery	88,91,667.00	-	31,47,18,651.00	8,99,50,747.00	6,45,112.00	17,27,239.00
Others	3,75,49,786.00	1,54,33,237.00	4,85,16,406.00	70,63,85,907.00	-	12,18,085.00
<b>Total</b>	<b>70,63,99,554.00</b>	<b>32,35,51,393.00</b>	<b>3,18,84,60,068.00</b>	<b>2,07,29,57,793.00</b>	<b>21,38,430.00</b>	<b>34,87,953.00</b>

### 55 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 shareholders 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 31<sup>st</sup> March 2019.

### 56 Fair Value measurements

#### a. Financial Instruments by Category

Particulars	As at 31 <sup>st</sup> March 2019			As at 31 <sup>st</sup> March 2018		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
<b>Financial Assets</b>						
(i) Trade Receivables	-	-	<b>63,43,74,775.00</b>	-	-	38,12,87,981.00
(ii) Cash and Cash Equivalents	-	-	<b>73,04,800.00</b>	-	-	12,98,74,843.00
(iii) Bank Balances other than (ii) above	-	-	<b>1,34,32,84,599.00</b>	-	-	41,72,05,605.00
(iv) Staff Loans and Advances			<b>13,66,890.00</b>			5,63,500.00
(v) Other Financial Assets	-	-	<b>16,61,58,752.00</b>	-	-	7,96,91,555.00
<b>Total Financial Assets</b>	-	-	<b>2,15,24,89,816.00</b>	-	-	100,86,23,484.00
<b>Financial Liabilities</b>						
(i) Borrowings			0.00			0.00
(ii) Trade payables	-	-	15,11,26,884.00	-	-	1,00,07,606.00
(iii) Other Financial Liabilities	-	-	9,70,68,893.00	-	-	5,11,96,653.00
<b>Total Financial Liabilities</b>	-	-	<b>24,81,95,777.00</b>	-	-	6,12,04,259.00

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

### Fair Value Hierarchy

Particulars	As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2018	
	Carrying Value	Fair value	Carrying Value	Fair value
<b>Financial Assets</b>				
Staff loans and advances	4,94,102.00	-	-	-
Other financial Assets	2,45,90,291.00	-	3,81,28,188.00	-
<b>Total Financial Assets</b>	<b>2,50,84,393.00</b>	<b>-</b>	<b>3,81,28,188.00</b>	<b>-</b>
<b>Financial Liabilities</b>				
Other financial liabilities	4,14,19,806.00	-	3,50,469.00	-
<b>Total Financial Liabilities</b>	<b>4,14,19,806.00</b>	<b>-</b>	<b>3,50,469.00</b>	<b>-</b>

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 be 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).

### 57 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 company's policies and risk objectives. The board of directors reviews and agrees policies for managing each of these risks, 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 company's policies and risk objective.

**c) Credit risk**

The Company's customer profile includes Ministry of External Affairs, Ministry of Home Affairs, Public Sector Enterprises, State Owned Companies in India. Accordingly, the Company's customer credit risk is low. The Company's average project execution cycle is around 15 to 24 months. General payment terms include mobilization advance, monthly progress payments with a credit period ranging from 45 to 60 days and certain retention money to be released at the end of the project. In some cases, retentions are substituted with bank / corporate guarantees. The Company has a detailed review mechanism of overdue customer receivables at various levels within organization to ensure proper attention and focus for realization.

**Trade and other receivable**

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

The following table gives details in respect of revenues generated from top five projects

Particulars	For the year ended	
	31-Mar-19	31-Mar-18
Revenue from top 5 Projects		
Haryana Vishwakarma Skill University	32,95,76,113	-
Sub-Leasing of MFC	17,78,57,517	14,82,77,654
Construction of Road & Bridges Project in Myanmar	6,71,74,033	12,96,87,344
Department of Science & Technology	4,44,81,828	-
CSR Project under Swachh Bharat Abhiyan	3,72,14,286	1,53,66,962

### Exposure to Credit Risk

Particulars	31-Mar-19	31-Mar-18
<b>Financial Assets for which allowance is measured using Lifetime Expected Credit Losses (LECL)</b>		
Non Current Investments	-	-
Non Current Loans	4,94,102	-
Other Non Current Financial Assets	2,45,90,291	3,81,28,188
Current Investments	-	-
Cash and Cash Equivalents	73,04,800	12,98,74,843
Other Bank Balances	1,34,32,84,599	41,72,05,605
Current Loans	8,72,788	5,63,500
Other Current Financial Assets	14,15,68,461	4,15,63,367
<b>Financial Assets for which allowance is measured using Simplified Approach</b>		
Trade Receivables	63,43,74,775	38,12,87,981
Contract Assets	2,01,59,283	2,01,59,283

### Summary of change in loss allowances measured using Simplified approach

Particulars	31-Mar-19	31-Mar-18
<b>Opening Allowances</b>		
Provided during the year		
Utilization during the year		
Amount written-off		
<b>Closing Allowances</b>	-	-

During the year, the Company has recognised loss allowance of Rs. Nil (31 March,2019: Rs. Nil)

### Summary of change in loss allowances measured using Lifetime Expected Credit Losses (LECL) approach

(Rs. in crore)

Particulars	31-Mar-19	31-Mar-18
<b>Opening Allowances</b>		
Provided during the year		
Utilization during the year		
Amount written-off		
(Exchange Gain) / Loss		
<b>Closing Allowances</b>	-	-

No significant changes in estimation techniques or assumptions were made during the reporting period.

During the year, the Company has recognised loss allowance of Rs. Nil (31 March,2018 Rs. Nil).



**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 counterparty on the basis of the financial quotes received from the counterparty.

**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:**

<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2019</b>	<b>As at 31st March 2018</b>
Cash and cash equivalent	<b>73,04,800.00</b>	12,98,74,843.00
Bank Balance	<b>1,34,32,84,599</b>	41,72,05,605.00
Inventories	<b>36,739.00</b>	33,583.00
Loans & advances	<b>8,72,788.00</b>	5,63,500.00
Trade Receivables	<b>63,43,74,775.00</b>	38,12,87,981.00
Other Current Assets	<b>81,19,861.00</b>	31,14,373.00
Other Financial Assets	<b>14,15,68,461.00</b>	4,15,63,367.00
<b>Total Assets (A)</b>	<b>2,13,55,62,024.00</b>	97,36,43,252.00
Less:		
Borrowings	<b>0.00</b>	0.00
Financial Liability	<b>20,67,75,970.00</b>	6,08,53,790.00
Other Current Liabilities	<b>1,01,67,67,637.00</b>	22,82,19,857.00

<b>Total Liabilities (B)</b>	<b>1,22,35,43,607.00</b>	<b>28,90,73,647.00</b>
<b>Working Capital (A-B)</b>	<b>91,20,18,417.00</b>	<b>68,45,69,605.00</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31<sup>st</sup> March 2019.

<b>Particulars</b>	<b>As on 31<sup>st</sup> March 2019</b>		
	<b>Less than 1 Year</b>	<b>1-2 years</b>	<b>2 Years and above</b>
Borrowings	-	-	-
Trade payables	<b>14,86,40,897</b>	<b>2,59,264</b>	<b>22,26,723</b>
Other financial liabilities	<b>5,56,49,086</b>	<b>4,06,17,056</b>	<b>8,02,750</b>
<b>Particulars</b>	<b>As on 31 March,2018</b>		
	<b>Less than 1 Year</b>	<b>1-2 years</b>	<b>2 Years and above</b>
Borrowings	-	-	-
Trade payables	1,00,07,606	-	-
Other financial liabilities	5,08,46,184	-	3,50,469

## **58 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.

**c Revenue Recognition**

Revenue From contract with Customer is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from Contract with Customers is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

- 59 Events Occurring after the Reporting date: - Events occurring after the Balance sheet date has been taken into cognizance.
- 60 Certain prior periods amounts have been reclassified for consistency with the current period presentations. These reclassifications have no effect on the reported results of operations.

**61 Approval of financial statement**

The financial statements were approved for issue by the Board of Directors on **21<sup>st</sup> May 2019**.

Sd/-

Sd/-

Sd/-

Sd/-

Sd/-

Sd/-

CA Tarun Kapoor  
Partner  
M. No. 095949

Pooja Chaurasia  
C.F.O.

Rana Pratap Singh  
C.E.O

Manisha Gola  
Co Secy

Surajit Dutta  
Director  
(DIN-06687032)

M. K. Singh  
Chairman  
(DIN-06607392)

Place: New Delhi  
Date: 21-05-2019

**STATUTORY  
AUDITORS'  
REPORT**



**REVISED INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF  
Ircan Infrastructure & Services Limited  
New Delhi**

**Report on the Audit of the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **M/s Ircan Infrastructure & Services Limited** ("the Company"), which comprise the Balance Sheet as at **March 31, 2019**, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of cash flow for the year ended on that date, 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 31/03/2019, supersedes our earlier report dated 23/05/2019 U/s 143 of the Companies Act, 2013.

**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 Indian Accounting Standards under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and accounting principles generally accepted in India, of the state of affairs of the Company as at **March 31, 2019**, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for opinion**

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.



## **Management's Responsibility for the Standalone 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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our



opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

We Draw your attention to the mismatch in figures reported in returns of Goods & services Tax for the state of Delhi and Jammu & Kashmir, the liability arising due to short credit claimed and short liability disclosed.

Our opinion is not modified in respect of this matter.

#### **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 Standalone 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 **March 31, 2019**, taken on record by the Board of Directors, none of the directors is disqualified as **March 31, 2019**, 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 Standalone 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 Reg No. :001370N  
(Chartered Accountants)



CA Tarun Kapoor (Partner)  
M.No.: 095949



Place : New Delhi  
Date : 24/06/2019



**Annexure A**

**Reports under The Companies (Auditor's Report) Order, 2016 (CARO 2016) for the year ended on  
31st March 2019**

**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 31<sup>st</sup> March 2019 due over a period of six months except Labour cess for the state of Haryana & Uttar Pradesh amount to INR 33724/- & 88617/- respectively.

(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, Goods & Services 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	51441170
Income Tax Act, 1961 Assessment U/s 143(3)	Commissioner of Income (Appeals)	2015-16	101300840

**(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



CA Tarun Kapoor  
(Partner)



Membership No: 095949  
Place : NEW DELHI  
Date : 24/06/2019

## Annexure B

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

Sl. No.	Directions	Auditor's Replies
(i)	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, The Company has Tally system to process all the accounting transactions and used for preparation of the financial accounts. No accounting transaction has been processed outside the IT system.
(ii)	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	During the year, no existing loan has been restructuring or cases of waiver/write off of debts /loans/interest etc. made by a lender to the region due to the Company's inability to repay the loan have been found.
(iii)	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	No funds have been received/receivable from any Central or State agencies for any specific schemes during the financial year 2018-19.

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



CA Tarun Kapoor  
Partner  
M. No. 095949



**Annexure C** to the Independent Auditor's 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 Standalone financial statements for the financial year ended on 31st March 2019

**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 Company limited** ("the Company") as on 31<sup>st</sup> March 2019 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 Standalone 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 Standalone 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 31<sup>st</sup> March, 2019, 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  
FRN: 001370N



CA Tarun Kapoor  
Partner  
M. No.: 095949

Place: New Delhi  
Dated: 24/06/2019

**COMMENTS OF  
COMPTROLLER & AUDITOR  
GENERAL OF INDIA**

**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 2019.**

The preparation of financial statements of **IRCON INFRASTRUCTURE AND SERVICES LIMITED** for the period ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 24.06.2019 which supersedes their earlier Audit Report dated 21.05.2019..

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 31 March 2019 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: 2<sup>nd</sup> August 2019