

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

('IrconDHHL')

(A WOS of Ircon International Limited)

CIN: U45500DL2017GOI317401

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



2nd Annual Report FY 2018-19

COMPANY PROJECT

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

BOARD OF DIRECTORS

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

KEY MANAGERIAL PERSONNEL

Mr. Nagangouda Patil, Chief Executive Officer
Ms. Kratika Gupta, Chief Financial Officer
Ms. Pooja Rastogi, Company Secretary

STATUTORY AUDITOR

M/s SSRA & Co.
Chartered Accountants

SECRETARIAL AUDITOR

M/s Sorabh Jain & Co.
Company Secretary

EPC CONTRACTOR TO COMPANY

Ircon International Limited

BANKERS TO THE COMPANY

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

CONTACT PERSON

Ms. Pooja Rastogi
Company Secretary
Email id: ircondhhl@gmail.com
Tel: 011-26545786

REGISTERED OFFICE

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

BOARD OF DIRECTORS OF IRCON DAVANAGERE HAVERI HIGHWAY LTD.
[PART-TIME (NOMINEE) DIRECTORS]



MR. DEEPAK SABHLOK
CHAIRMAN



MR. ASHOK KUMAR GOYAL
DIRECTOR



MR. ANAND KUMAR SINGH
DIRECTOR



MR. RAJENDRA SINGH YADAV
DIRECTOR



MS. ANUPAM BAN
DIRECTOR

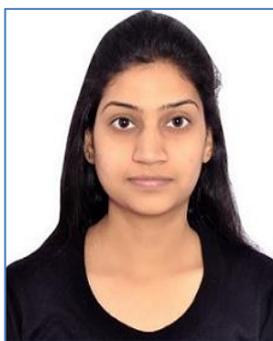
KEY MANAGERIAL PERSONNEL of IrconDHHL



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

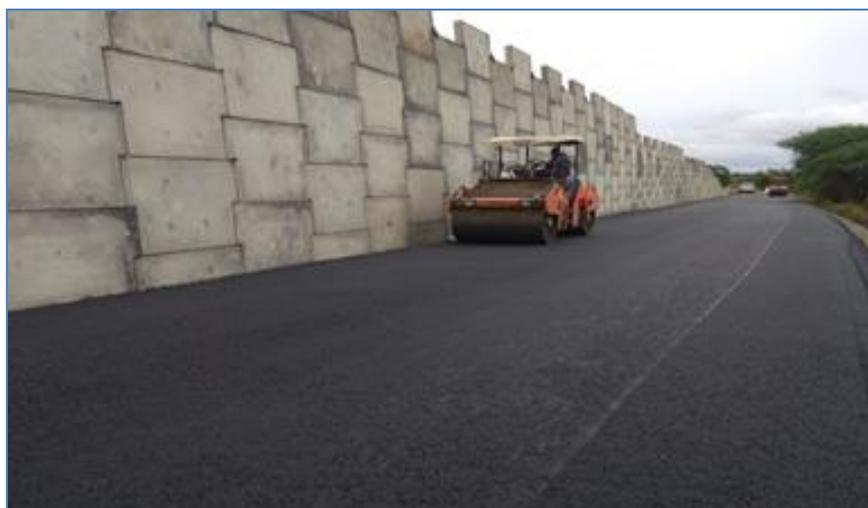


MS. KRATIKA GUPTA
CHIEF FINANCIAL OFFICER (CFO)
[w.e.f 20.11.2018]



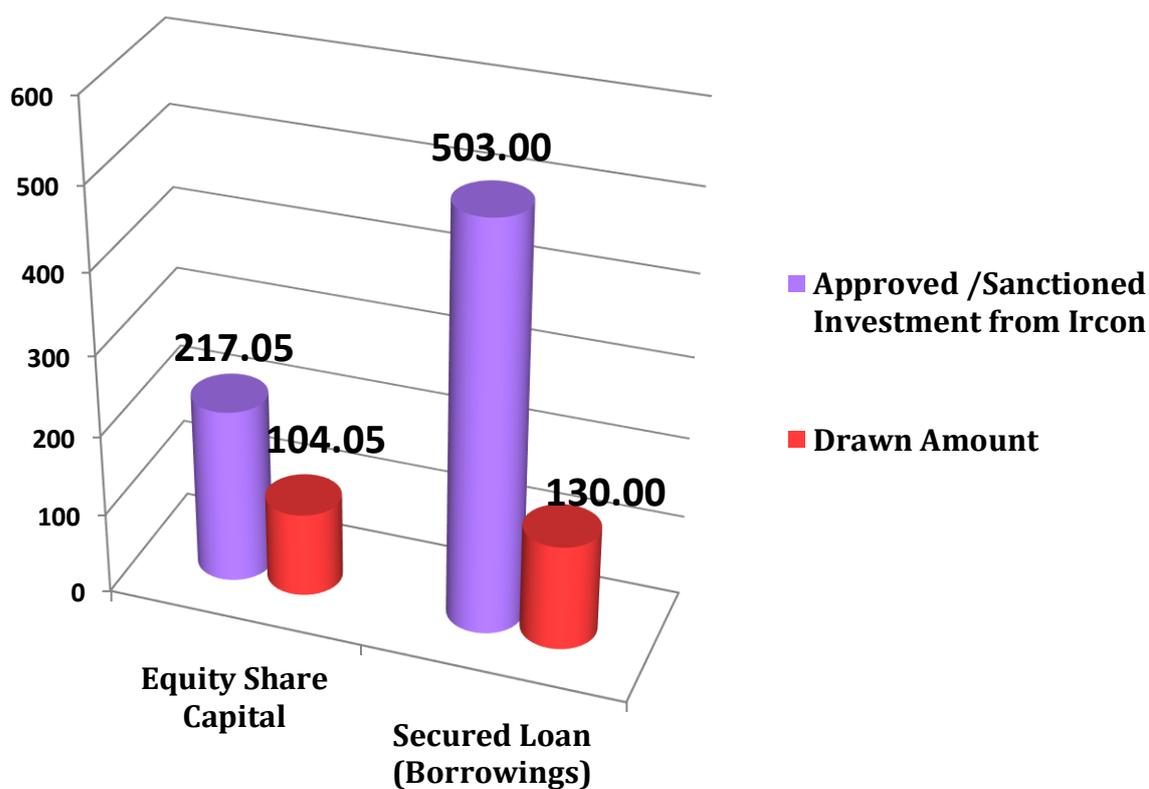
MS. POOJA RASTOGI
COMPANY SECRETARY
[w.e.f 01.04.2019]

DAVANAGERI - HAVERI HIGHWAY PROJECT PHOTOGRAPHS



STATEMENT OF EQUITY & LOAN CAPITAL

Particulars	Approved/Sanctioned Investment from Holding Company, Ircon International Limited	Drawn Amount (As on 31.03.2019)
1. Equity Share Capital	Rs. 217.05 Crores	Rs. 104.05 Crores
2. Secured Loan (Borrowings)	Rs. 503.00 Crores	Rs.130.00 Crores



CHAIRMAN'S ADDRESS

AT THE SECOND (2nd) ANNUAL GENERAL MEETING HELD ON 26.08.2019

Dear Shareholders,



I am delighted to welcome you all on the occasion of **Second (2nd) Annual General Meeting** of your Company. Thanks to all of you for making it convenient to attend this meeting. It gives me immense pleasure to present before you all the 2nd Annual report of your company including the Ind AS Audited Financial Statements, Boards report, Auditor's report and the Comments of the Comptroller and Auditor General of India ('CAG'), for the financial year ended 31st March 2019. With your permission, I shall take them as read.

Brief About the Company

IrconDHHL has been incorporated as a Special Purpose Vehicle ('SPV') by Ircon International Limited ('Ircon') – its holding company, on 11th May 2017, for executing the project works of "Six – laning of Davangere – Haveri from km 260+000 to km 338+923 of NH-48 (old NH-4) in the State of Karnataka under Hybrid Annuity Model under NHDP Phase – V" in accordance with the terms of the Concession Agreement, signed with the National Highways Authority of India (NHAI) on 19th June 2017. Concession Period for the project is 15 years excluding the Project Construction Period of 912 days.

The Total Project Execution Cost is Rs.1177.00 Crores plus escalation wherein 40% project cost is reimbursable by NHAI and 60% is to be funded by SPV. SPV is accordingly funding Project Construction Cost of Rs. 720.05 Crores - through Equity and Loan Investment of Rs. 217.05 Crores and Rs. 503.00 Crores respectively. As on date, Rs. 104.05 Crores of Equity Share Capital have been infused by Ircon through initial investment and subsequent rights issue and loan amount of Rs.202.22 Crores has been drawn from IRCON.

Presently, the project is in construction phase and the overall physical progress of the project is 50.30% and the financial progress of the project is 50.34%.

Project Construction

Davanagere-Haveri Highway project construction works are in full swing. Second project milestone of 30% Physical Progress & 35% Financial Progress within the scheduled date which was due on 28.02.2019.

Financial Highlights

During the Financial Year 2018-19, the Company has incurred expenses of Rs.312.71 Crores, and has earned profit after tax of Rs 2.14 Crores.

Compliances and Disclosures

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

Acknowledgements

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

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

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

**Date: 26.08.2019
Place: New Delhi**

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DIRECTORS' REPORT

Dear Members,

Your Directors have immense pleasure in presenting the **2nd Annual Report** together with the Audited Financial Statements and Business Affairs of the Company for the Financial Year 2018-19.

Business Operational Highlights: Present State of Company's Affairs:

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

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

IrconDHHL has achieved the second project milestone of 30% Physical Progress & 35% Financial Progress within the scheduled date which was due on 28.02.2019. Works are in full swing, at all the locations.

Presently, the project is in construction phase and the physical progress of the project has reached 42% and the financial progress of the project is 41.23%.

The Project Construction cost of Rs.720.05 Crore, funded by Equity and Loan Investment of Rs.217.05 Crore and Rs.503Crore respectively out of which Ircon has infused Equity of Rs.20.05 Crores in April 2018 and Rs.34.00 Cr in August 2018 and Rs. 50.00 Cr in October 2018.



Financial Highlights: Financial Performance of the Company:

In pursuance of the provisions enumerated under Companies (Indian Accounting Standards) Rules, 2015, the Company, has prepared its annual financial statements for the Financial Year 2018-19 as per Indian Accounting Standards (IND AS) with a transition from erstwhile Indian Generally Accepted Accounting Principles ('Indian GAAP'). The accounting policies have accordingly been reframed for compliance of IND AS.

Financial performance indicators as on 31st March 2019:

(Amount in Rs. In Lakhs)

Sl.No.	Particulars	For the Year Ended 31.03.2019	For the Year Ended 31.03.2018
1.	Equity Share Capital	10,405.00	5.00
2.	Other Equity (includes Reserves and Surplus)	277.38	63.07
3.	Loan from Holding Company (Borrowings)	13000.00	-
4.	Intangible Assets under Development	0	
5.	Total Assets and Liabilities		
6.	Revenue from Operations	31,270.32	245.67
7.	Other Income	326.43	-
8.	Total Income (6) + (7)	31,596.75	245.67
9.	Profile/Loss before Depreciation, Finance Costs, Exceptional Items and Tax Expense	731.20	2.77
10.	Total Expenses (9) + (10)	31,270.82	245.92
11.	Less: Depreciation	-	-
12.	Profit/(Loss) before Finance Costs, Exceptional Items and Tax Expense	731.20	2.77
13.	Less: Finance Costs	405.27	3.02
14.	Profit/(Loss) before Exceptional Items and Tax Expense	325.93	(0.25)
15.	Add/(Less):Exceptional Items	-	-
16.	Profit/Loss before Tax Expense	325.93	(0.25)
17.	Less: Tax Expense (Current & Deferred)	111.62	(63.32)
18.	Profit/Loss for the year (1)	214.31	63.07
19.	Other Comprehensive Income (2)	-	-
20.	Total (1+2)	214.31	63.07
21.	Balance of Profit/loss for earlier years	63.07	-
22.	Less: Transfer to Debenture Redemption Reserve	-	-
23.	Less: Transfer to Reserve	-	-

24.	Less: Dividend paid on Equity Shares	-	-
25.	Less: Dividend paid on Preference Shares	-	-
26.	Less: Dividend Distribution Tax	-	-
27.	Balance carried forward	277.38	63.07

Share Capital of the Company as on March 31, 2019:

The Authorized Share Capital of the Company is Rs.217.05 Crore comprising of 21,70,50,000 Equity Shares of Rs.10 each and the Paid-up, Subscribed and Issued Share Capital of the Company is Rs.104.05 Crore comprising of 10,40,50,000 Equity Shares of Rs.10 each.

During the FY17-18, the Authorised Share Capital was increased from Rs.5 Crore to Rs.217.05 crore at its Extra-Ordinary General Meeting held on 15th January 2018.

The Company has increased the Paid-up Share Capital of the Company from Rs.5 Lakhs to Rs.104.05 Crores in the Financial Year under review till the date of this report vide Rights issue as follows:

Date of Allotment	No. of Equity Shares allotted (of Rs.10 each)	Name of Allottee
April 5, 2018	2,00,00,000	Ircan International Limited (Holding Company)
August 16, 2018	3,40,00,000	
October 17,2018	5,00,00,000	

Cash Flows from the Project:

The total -Cash Flows from the project activities during the year is **Rs. (23592.4) Lakhs.**

Management and Discussion Analysis Report (MDAR):

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

Extract of Annual Return:

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

Board of Directors & Key Management Personnel:

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

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

Key Managerial Personnel:

Sl. No.	Key Personnel of Company	Date of Appointment	PAN No.
1.	Mr. Nagangouda Patil, Chief Executive Officer (Designated as KMP on 18.07.2018)	18.07.2018	BBZPP6530K
2.	Ms. Kratika Gupta, Chief Financial Officer (Designated as KMP on 20.11.2018)	20.11.2018	AWYYPG7535Q
3.	Ms. Pooja Rastogi, Company Secretary (Designated as KMP on 01.04.2019)	01.04.2019	BKHPR8220D

Ms. Payal Sharma, Company Secretary, resigned w.e.f 15th January, 2019

Number of meetings of the Board of Directors:

During the period under review, your Board of Directors met 10 number of times during the financial year 2018-19 as per the provisions of the Companies Act, 2013, Meetings of Board and its Powers, Rules, 2014 and DPE (Corporate Governance) Guidelines 2010.

The Board Meetings were held 05.04.2018, 18.07.2018, 16.08.2018, 19.09.2018, 17.10.2018, 20.11.2018, 04.01.2019, 17.01.2019, 30.01.2019, and 20.02.2019. The interval between the Board Meetings was within the period prescribed under the Companies Act, 2013.

Number of the Board meetings attended by the Directors during the financial year 2018-19 is as follows:

Name of the Director	Number of the Board meetings attended
Deepak Sabhlok	8/10
Ashok Kumar Goyal	8/10

Anand Kumar Singh	10/10
Rajendra Singh Yadav	5/10
Anupam Ban	10/10

Board Committees:

The Company has constituted the following Committees of the Board on 18th July 2018:

1. Audit Committee
2. Nomination and Remuneration Committee

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

Changes in Directors and Key Managerial Personnel:

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

Ms. Payal Sharma resigned from the post of Company Secretary w.e.f 15th January 2019 and Ms. Pooja Rastogi was appointed as Company Secretary w.e.f. 1st April, 2019.

Report on Corporate Governance

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

Directors' Responsibility Statement:

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

- a) that in the preparation of the annual financial statements for the year ended 31st March 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2019 and of the Income & Expenditure Account of the Company for that period ended on that date;

- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The Company do not have any Independent Director during the Financial Year 2018-19.

AUDITORS:

Statutory Auditors:

M/s SSRA & Co., Chartered Accountants, had been appointed as Statutory Auditors, for the Financial Year 2018-19 vide CAG letter No. CA. V/COY/ Central Government, IDHHL(I)585 dated 14.08.2018. They have confirmed by way of a written consent and certificate as required under Section 139(1) of the Companies Act, 2013.

Secretarial Auditor:

M/s. Sorabh Jain & Associates, Company Secretaries, were appointed by the Board of Directors to conduct the Secretarial Audit of the Company for the financial year 2018-19.

Internal Auditors:

The Board of Directors have appointed M/s. V.M. Arora & Co., Chartered Accountants as Internal Auditors for the financial year 2018-19, to conduct the Internal Audit of the Company

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

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

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

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

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

Particulars of contracts or arrangements with related parties:

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

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

Dividend & Appropriation to Reserve:

In view of the status of the project which is under construction mode, the Board of Directors has not recommended any dividend for the financial year 2018-19.

As per the applicability of IND AS, Reserves are reflected as Retained Earnings under the head 'Other Equity' in Financial Statements and your Company has a balance of Rs.277.38 Lakhs in Retained Earnings as on 31st March 2019.

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

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

Rights Issue:

Date of Allotment	No. of Equity Shares allotted (of Rs.10 each)	Name of Allottee
April 5, 2018	2,00,00,000	Ircod International Limited (Holding Company)
August 16, 2018	3,40,00,000	
October 17,2018	5,00,00,000	

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

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

A. Conservation of energy: -

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

B. Technology absorption: -

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

C. Foreign exchange earnings and Outgo: -

There was no Foreign Exchange Earnings and Foreign Exchange Outgo during the year 2018-19.

Risk Management:

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

Particulars of Employees:

There is no employee who has drawn remuneration of Rs.60 Lakhs or more per annum or Rs.5 Lakhs or more per month during the year 2018-19 in terms of section 134(3) of the Companies Act, 2013 read with rule 5(2) of Companies (Appointment & Remuneration of key Managerial Personnel) Rules, 2014.

Corporate Social Responsibility:

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

Change in the nature of business:

There is no change in the nature of business of the company during the financial year 2018-19

Details of Subsidiary/Joint Ventures/Associate Companies:

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

Public Deposits:

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

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

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

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

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

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

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

Vigil Mechanism:

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

Memorandum of Understanding:

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

Bankers to the Company:

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

Acknowledgement:

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

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

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

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

**Date: 29.07.2019
Place: New Delhi**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)

Industry Structure and Developments:

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

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

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

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

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

Strengths and Weaknesses:

Strengths:

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

Weaknesses:

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

Opportunities and Threats:

Opportunities:

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

Threats:

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

Discussion on financial performance with respect to operational performance:

Current Operational and Non-Operational Income and Expenses break-up for the Financial Year 2018-19 is detailed below: -

Table I: Present Financial Situation

Particulars		(Amount in Rs. Lakhs)
		For the Period From 1 st April 2018 to 31 st March 2019
I.	Revenue:	
	Revenue from operations	31,270.32
	Other income	326.43
	Total Revenue	31596.75
II.	Expenses:	
	Operating Cost	31270.32
	Other Expenses	0.50
	Total Expenses	31270.82
IV.	Profit Before Tax	325.93
	Provision for Taxation	
	- Current/ Earlier years Tax/Deferred Tax	111.62
V.	Profit / (Loss) After Tax	214.31
VI.	Total Comprehensive Income (Comprising Profit (Loss) & Other Comprehensive Income	214.31

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

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

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

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

**Date: 29.07.2019
Place: New Delhi**

ANNEXURE – B

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

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

I. REGISTRATION & OTHER DETAILS:

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

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

S. No.	Name and Description of Main Products / Services	NIC Code of the Products/Services	% to Total Turnover of the Company
1.	Rendering Services in the nature of construction of Highway Project on NH-48 (old NH-4) in the state of Karnataka Construction Services: Highway Project (Through EPC Contractor)	42101	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
1	Ircon International Limited	L45203DL1976GOI008171	Holding Company	100% *	Sec 2(46)

* 100% Shares held by Ircon International Limited (Ircon) and its 8 Nominees.

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

A) CATEGORY-WISE SHARE HOLDING:

Category of Shareholders	No. of Shares held at the beginning of the year, [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.#	Nil	50000	50000	100%	Nil	104050000	104050000	100%	208000%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A)	Nil	50000	50000	100%	Nil	104050000	104050000	100%	208000%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-

i) Individual shareholders holding nominal share capital upto ` 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	Nil	50000	50000	100%	Nil	104050000	104050000	100%	208000%

Bodies Corporate: 100% Shareholding is with Body Corporate – Ircon International Limited and its 8 Nominees.

B) SHAREHOLDING OF PROMOTERS:

SN	Shareholder's Name	Shareholding at the beginning of the year, as on 1 st April 2018			Shareholding at the end of the year, as on 31 st March 2019			% Change in Shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to Total Shares	
1	Ircon International Limited	50000	100%	-	104050000	100%	Nil	208000%
	Total	50000	100%	-	104050000	100%	Nil	208000%

Shareholding of Promoters: Company is wholly-owned subsidiary of Ircon International Limited – with 10,40,49,100 Equity Shares of Rs.10/- each i.e. Entire Shareholding held by Indian Promoters. The other 8 shareholders are holding shares “for and on behalf of Ircon International Limited”.

C) CHANGE IN PROMOTERS’ SHAREHOLDING:

SN	Particulars	Shareholding at the beginning of the Year		Cumulative Shareholding during the Year		
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	
1.	At the Beginning of the Year	50000	100%	50000	100%	
2.	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / (decrease) (e.g. allotment /transfer / bonus/ sweat equity etc.):					
	Date of Allotment	Reason				
	05.04.2018	Rights issue	20000000	100%	20050000	100%
	16.08.2018	Rights issue	34000000	100%	54050000	100%
	17.10.2018	Rights issue	50000000	100%	104050000	100%
3.	At the End of the Year	104050000	100%	104050000	100%	

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

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

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shareholding of Each Director(s) and Each Key Managerial Personnel\$	Shareholding at the beginning of the Year, as on 31 st March 2018		Cumulative Shareholding during the Year as on 31 st March 2019	
	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 Promoters 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	

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

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)		NIL		
Change in Indebtedness during the financial year				
* Addition	130,00,00,000	-	-	130,00,00,000
* Reduction	-	-	-	-
Net Change		NIL		
Indebtedness at the end of the financial year				
i) Principal Amount	130,00,00,000			130,00,00,000
ii) Interest due but not paid	-			-
iii) Interest accrued but not due	-			-
Total (i+ii+iii)		130,00,00,000		

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary	NOT APPLICABLE	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		

	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961
2.	Stock Option
3.	Sweat Equity
4.	Commission - as % of profit - others, specify...
5.	Others, please specify
	Total (A)
	Ceiling as per the Act

B. REMUNERATION TO OTHER DIRECTORS:

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

@IrcnDHHL had five Part-time Directors during the financial year 2018-19, nominated on the Board by the holding company; do not draw any remuneration from the Company. No sitting fee is paid to the Part-time Directors.

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

S.No.	Particulars of Remuneration #	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,79,032	2,27,651	7,25,273	18,31,956
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify				

- Performance linked incentive (PRP)	-	-	-	-
- Retirement benefits (Pension, PF)	-	-	-	-
Total	8,79,032	2,27,651	7,25,273	18,31,956

#Remuneration: The remuneration of Key Managerial Personnel (KMP) as stated in table above is till the date of resignation of Ms. Payal Sharma as Company Secretary i.e. w.e.f 1st April 2018 till 15th January 2019

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

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

Date: 29.07.2019

Place: New Delhi

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

REPORT ON CORPORATE GOVERNANCE

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

1. Company Philosophy and Governance:

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

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

2. Board of Directors

2.1 Composition of Board: -

Pursuant to Article 54 of the Articles of Association (AOA) of the Company, the power to appoint directors is with the holding company, Ircon International Limited ('Ircon'). Accordingly, the holding company, has appointed five Non-executive directors ('Part-time Directors') on the Board of IrconDHHL through nomination as mentioned below: -

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

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

2.2 Meetings and Attendance of Board of Directors: -

Ten Board Meetings have been held during the financial year 2018-19 in line with the provisions stated in the Companies Act, 2013 and the Companies (Meetings of Board and its Powers)

Rules, 2014 read with Guidelines on Corporate Governance issued by the Department of Public Enterprises.

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

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

**SCHEDULE OF BOARD MEETINGS HELD DURING – FY 2018-19
(In compliance of provisions enumerated under Companies Act, 2013 & DPE Corporate Governance Guidelines, 2010)**

Sr. No.	No. of Board Meeting	Date of Board Meeting	Time Gap w.r.t. Previous Meeting (No. of Days)	No. of Directors Present	No. of Directors Absent [#]
1.	9 th	5 th April 2018	-	4	1
2.	10 th	18 th July 2018	104	5	-
3.	11 th	16 th August 2018	29	3	2
4.	12 th	19 th September 2018	34	3	2
5.	13 th	17 th October 2018	28	5	-
6.	14 th	20 th November 2018	34	5	-
7.	15 th	4 th January 2019	45	4	1
8.	16 th	17 th January 2019	13	4	1
9.	17 th	30 th January 2019	13	5	-
10.	18 th	20 th February 2019	21	4	1

4

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

Directors	Whole-time / Part-time / Independent	Directorships held in Companies/ Body Corporates (excluding IrconDHHL)	Committee Memberships held in Companies / Body Corporates (including IrconDHHL)	
			As Chairman	As Member
Deepak Sabhlok [DIN 03056457]	Part – time Chairman	9 [Ircon, ISTPL, , IrconPBTL, IrconSGTL, CERL, CEWRL, MCRL, BRPL and IrconVKEL]	1	5

Ashok Kumar Goyal [DIN 05308809]	Part – time Director	5 [ISTPL, IrconISL, IrconPBTL, IrconSGTL, and IrconVKEL]	4	5
Anand Kumar Singh [DIN 07018776]	Part – time Director	3 [IrconPBTL, IrconSGTL and IrconVKEL]	3	4
Rajendra Singh Yadav [DIN 07752915]	Part – time Director	3 [IrconPBTL, IrconSGTL and IrconVKEL]	-	5
Anupam Ban [DIN 07797026]	Part – time Director	3 [IrconPBTL, IrconSGTL and IrconVKEL]	2	1

Directors who ceased to hold office (During 2018-19 and thereafter till the date of this report)

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

Notes:

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 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 Guidelines). Only Audit Committee is to be counted for the said limit.
7. Full names of Companies referred:
 - a) Ircon – Ircon International Limited
 - b) IrconISL – Ircon Infrastructure Services Limited
 - c) ISTPL – Ircon-Soma Tollway Private Limited
 - d) IrconPBTL - Ircon PB Tollway Limited
 - e) IrconSGTL – Ircon Shivpuri Guna Tollway Limited

- f) CERL – Chhattisgarh East Railway Limited
- g) CEWRL - Chhattisgarh East-West Railway Limited
- h) MCRL – Mahanadi Coal Railway Limited
- i) IrconVKEL – Ircon Vadodara Kim Expressway Limited
- j) IrconDHHL – Ircon Davanagere Haveri Highway Limited
- k) IRSDCL-Indian Railway Station Development Corporation Limited
- l) BRPL- Bastar Railway Private Limited

3. BoD Meetings and Attendance during 2018-19

The Board Meetings were held on 05.04.2018, 18.07.2018, 16.08.2018, 19.09.2018, 17.10.2018, 20.11.2018, 04.01.2019, 17.01.2019, 30.01.2019, and 20.02.2019. The interval between the Board Meetings was within the period prescribed under the Companies Act, 2013.

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

Number of the Board meetings attended by the Directors and Company Secretary during the Financial Year 2018-19 is as follows:

Name of the Director	Number of the Board meetings attended
Deepak Sabhlok	8/10
Ashok Kumar Goyal	8/10
Anand Kumar Singh	10/10
Rajendra Singh Yadav	5/10
Anupam Ban	10/10

Ms. Payal Sharma, Company Secretary, resigned w.e.f 15th January, 2019 and has attended 6 meetings held during the FY 2018-19.

4. Committees of BoD:

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

4.1 Audit Committee

4.1.1 Audit Committee – Terms of Reference:

- 1) Recommendation for remuneration of Statutory Auditors of the Company including payment for any other services rendered;
- 2) Review of Quarterly & Annual Financial Statements of the Company & Statutory Auditor's Report;

- 3) Reviewing performance of internal auditors & the qualifications raised by them in their Internal Audit Report
- 4) Approval or any subsequent modification of Related Party Transactions;
- 5) Scrutiny of Inter-corporate loans & investments;
- 6) Valuation of undertakings & assets of the Company;
- 7) Evaluation of Internal financial controls & Risk management systems;
- 8) Reviewing the observations raised by the C&AG
- 9) Monitoring end use of funds raised through public offers & related matters;

4.1.2 Audit Committee – Composition:

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

The present composition of the Committee is:

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

4.2 Nomination and Remuneration Committee

4.2.1 Nomination and Remuneration Committee – Terms of Reference:

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

4.2.2 Nomination and Remuneration Committee – Composition:

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

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

5. General Meetings:

The meetings of shareholders held during the last two years, as tabulated below: -

Sr. No.	Type of Shareholder Meeting	Date of Meeting	Time	Location	For Transacting	
					Ordinary Business	Special Business
1.	First Extraordinary General Meeting (EGM)	June 1, 2017	1500 Hours	Company's Registered Office, Delhi	-	<ul style="list-style-type: none"> To amend object clause of Memorandum of Association of the Company Borrowing Powers of the Company in excess of Paid-up capital and free reserves under Section 180 (1)(c) of companies Act, 2013
2.	Second Extraordinary General Meeting (EGM)	January 15, 2018	1230 Hours	Company's Registered Office, Delhi	-	<ul style="list-style-type: none"> To increase in authorised share capital and subsequent alteration of memorandum of association of the Company Alteration of the Company
3.	First Annual General Meeting (AGM)	27 th September, 2018	1330 Hours	Company's Registered Office, Delhi	<ul style="list-style-type: none"> To receive, consider and adopt the IND AS Audited Financial Statements of the Company for the financial year ended 31st March 2018 and the report of the Board of Directors including the disclosure on related party transactions and the report on Corporate Governance, and the Auditors Report thereon including Comments of the Comptroller and Auditor General of India (CAG). To authorised the Board of Directors to fix the remuneration of the Statutory Auditors of the Company, appointed by the Comptroller and Auditor General of India for the Financial Year 2018-2019 	

6. Disclosures and Statutory Compliances: -

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

7. CEO/CFO Certification

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

8. Certificate for Compliance with Corporate Governance Guidelines

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

The said certificate was obtained from the Practising Company Secretaries (PCS), Arun Kumar Gupta and Associates, Company Secretaries, having office at 1005, Roots Tower, Plot No. 7, District Centre, Laxmi Nagar, Delhi – 110092, for the Financial Year 2018-19, and is attached herewith as **Annexure – C2**.

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

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

**Date: 29.07.2018
Place: New Delhi**

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

We have reviewed the Financial Statements including the Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement for the Financial Year 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 statement that might be misleading;
- (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iii) These are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal, or violative of the Company's General Code of Conduct as agreed to be followed by the Directors and Senior Management of the Company.
- (iv) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the auditor's deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to rectify these deficiencies.
- (v) We have indicated to the Auditor any changes in Accounting Policies that may have been effected during the year, and that the same have been disclosed in the Notes to the Financial Statements; and
- (vi) There was no instance of fraud of which we are aware nor there has been involvement of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Mr. Nagangouda Hanumanthgouda Patil
Chief Executive Officer (CEO)

Sd/-
Ms. Kratika Gupta
Chief Financial Officer (CFO)

Date: 29.07.2019
Place: New Delhi

ANNEXURE – C2

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER CORPORATE GOVERNANCE GUIDELINES OF DEPARTMENT OF PUBLIC**

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

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2019, by Ircon Davanagere Haveri Highway Limited, a Government Company under section 2(45) of the Companies Act, 2013 (corresponding sections 2(18) and 617 of the Companies Act, 1956), as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).

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

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

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

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

In our opinion and to the best of our information and on the basis of our review and according to the information and explanation given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance in all material respects as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), except *(i) non-appointment of Independent Directors on its Board and Constitution of Audit Committee and Remuneration Committee without Independent Directors under the provisions of DPE Corporate Governance Guidelines, 2010. However, it is exempt under the provisions of Companies Act, 2013 and also it is understood that the appointment of Directors is being done by the Holding Company i.e. Ircon International Limited (in pursuance with the Articles of Association of the Company) (ii) Also Company has not submitted Quarterly Reports as per the provisions of DPE Corporate Governance Guidelines, 2010. However, the Company has duly submitted its Annual Report to DPE.*

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

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

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

**Place: New Delhi
Date: 29.07.2019**

ANNEXURE - D

FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto for the financial year 2018-19

Sr. No.	Nature of contracts or arrangements or transactions	Duration of the contracts or arrangements or transactions	Salient terms of the Contracts or Arrangements or Transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1.	EPC Agreement (For Appointing Ircon International Limited as EPC Contractor for execution of project works of "Six Laning of Davanagere Haveri from km 260+000 to km 338+923 of NH-48(Old NH-4) in the state of Karnataka")	Estimated Duration: 30 Months (Period for Construction by EPC Contractor)	The Contract has been executed for a value of Rs.1026.96 Crores inclusive GST @ 12%. Works expenses paid to IRCON for the same during FY:18-19 amounts to 30636.58 Lacs.	February 20,2018 & 9 th November, 2017	NIL (As on Date)
2.	Lease Agreement (Rent for Use of Office Premises)	Three Years (2018 to 2021)	IrconDHHL has signed a Lease Agreement with IRCON on 9 th August 2018 for a period of 3 years with effect from 15.05.2018 @ ` 19,305/- p.m. plus GST	-	NIL (As on Date)

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

**Date: 29.07.2019
Place: New Delhi**

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

ANNEXURE - E

**FORM NO. MR-3
SECRETARIAL AUDIT REPORT
For the financial year ended March 31, 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 DAVANGERE HAVERI HIGHWAY LIMITED
Plot No. C-4, District Centre Saket, New Delhi -110017.**

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

Based on our verification of the **IRCON Davangere Haveri Highway Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2019, generally 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 and returns filed and other records maintained by **IRCON Davangere Haveri Highway Limited** for the financial year ended on March 31, 2019, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; **(Not Applicable to the Company)**
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Not Applicable to the Company)**
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the period);**

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company).**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company).**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company).**
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable to the Company).**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company).**
 - 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; **(Not applicable to the Company).**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company)**and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company).**
- vi. We further report that, having regards to the compliance system prevailing in the company, on examination of the documents provided by the company, the company has complied with the following laws applicable to the company:
- a. The Building and other Construction workers (Regulation of Employment and Conditions of Services) Act, 1996;
 - b. Building and other Construction workers welfare Cess Act, 1996;
 - c. Environmental Laws, as applicable;
 - d. Labour Laws, as applicable.

We have also examined compliance with the Secretarial Standard I and Secretarial Standard II issued by the Institute of Company Secretaries of India (ICSI) were applicable to the Company for the period under review.

We further report:

That the Board of Directors of the Company is duly constituted with only Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

That adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions at the Board Meetings, as represented by the management, were taken unanimously.

That as per the explanations given to us and the representations made by the Management and relied upon by us 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.

That during the period under review, as explained and represented by the management, the company has allotted 10,40,00,000 shares (the breakup is shown under table no. 1 below) during the financial year as specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, standards etc., having a major bearing on the Company's affairs.

Table no. 1

Right Issues	No. of Shares subscribed & paid up	No. of shares allotted	Date of Allotment
I	Equity Issue of 2,00,00,000 shares	2,00,00,000	05.04.2018
II	Equity Issue of 3,40,00,000 shares	3,40,00,000	16.08.2018
III	Equity Issue of 5,00,00,000 shares	5,00,00,000	17.10.2018

**For Sorabh Jain & Associates
Company Secretaries**

**Sd/-
Sorabh Jain
Proprietor
M. No. A45034
C.P. No. 16489**

**Place: Delhi
Dated: 29.07.2019**

ANNEXURE TO SECRETARIAL AUDIT REPORT

To,
The Members
IRCON DAVANAGERE HAVERI HIGHWAY 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 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.
4. Wherever required, We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Sorabh Jain & Associates
Company Secretaries

Sd/-
Sorabh Jain
Proprietor
M. No. A45034
C.P. No. 16489

Place: Delhi
Dated: 29.07.2019



**REVISED INDEPENDENT AUDITORS' REPORT OF THE STATUTORY AUDITORS,
IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**

TO THE MEMBER OF IRCON DAVANAGERE HAVERI HIGHWAY LIMITED, NEW DELHI

Report on the Audit of the Ind AS Financial Statements

We have audited the Ind AS financial statements of Ircon Davanagere Haveri Highway Ltd. which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

This report, revised consequent upon observation 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 31st March 2019, supersedes our earlier report dated 2nd May 2019 u/s 143 of Companies Act 2013.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2019, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no Key Audit Matters to communicate in our report.



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CHARTERED ACCOUNTANTS

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Responsibilities of Management and Those Charged with Governance for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. These Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. There is no pending litigation on its financial position
- ii. The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

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

Sl. No.	Directions	Auditor's Replies
(i)	Whether the company has 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.	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.	No, company has no case of 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.
(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 SSRA & Co.
Chartered Accountants
Firm's Registration Number-014266N



Suresh Goyal
Partner

Membership No.093711

Place of Signature: New Delhi

Date: 20.06.2019





"Annexure A" to the Revised Independent Auditors' Report of even date on the Ind AS Financial Statements of IRCON DAVANAGERE HAVERI HIGHWAY LIMITED for the year ended 31st March, 2019

i. In respect of Fixed Assets

The Company does not have fixed assets as at 31st March, 2019, therefore reporting under Para 3(i) is not applicable.

ii. In respect of Inventory

The does not hold any inventories during the financial year ended 31st March, 2019, therefore reporting under Para 3(ii) is not applicable.

iii. In respect of Loans given by the Company

According to the information and explanation given to us by the management and records produced, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, paragraph 3(iii) of the Order is not applicable to the company.

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

In our opinion and according to the information and explanations given to us, the Company has not made any transaction in respect of loans, investments, guarantees and security covered under the provisions of section 185 and 186 of the Companies Act, 2013, Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

v. In respect of Deposits

According to the information and explanations given to us, and as per our examination of records, the company has not accepted any deposits from public and therefore, the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provision of the Companies Act, 2013, and rules framed there under, are not applicable.

vi. In respect of maintenance of Cost Records

In our opinion and according to the information and explanations given to us, Maintenance of Cost record as prescribed by the Central Government under section 148(1) of the Companies Act, 2013 for the Financial Year ended 31st March, 2019 is not applicable on the company. Therefore reporting under Paragraph 3(vi) is not applicable to the Company.

vii. In respect of Statutory Dues

The company is generally regular in depositing undisputed statutory dues including provident fund, income tax, GST, sales tax, service-tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable with the appropriate authorities. Employees' State Insurance is not applicable to the Company. According to the information and explanation given to us, there are no undisputed

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statutory dues which were outstanding as on 31.03.2019 for a period of more than six months from the date the same become payable.

According to information and explanation given to us, and as per our examination of records of the Company, following are the particulars of dues on account of GST, sales tax, service tax, entry tax, trade tax, income tax, duty of customs, royalty, provident fund, duty of excise and cess matters that have not been deposited on account of dispute as on 31.3.2019.

Name of the statute	Nature of disputed Dues	Amount outstanding (in Rs. Crores)	Period to which the amount relates	Forum where dispute is pending
NIL				

viii. In respect of Repayment of Loan

The company has not defaulted in the repayment of loans or borrowings to any financial institution, banks, Government or dues to debenture holders during the year. Accordingly, the clause 3(viii) of the order is not applicable.

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

The company has not raised any money by way of any public offer Accordingly, paragraph 3 (ix) of the order related to public offer is not applicable to the Company and Further term loan of Rs 13000 lacs raised from holding company during the year and utilized for which those are raised.

x. In respect of Reporting of Fraud

According to the information and explanations given to us, neither fraud by the company nor any fraud on the company by its officers or employees has been noticed or reported during the course of our audit.

xi. In respect of Managerial Remuneration

In view of the Government Notification No. GSR 463 (E) dated 5th June, 2015, government companies are exempt from the applicability of section 197 of the Companies Act, 2013. Accordingly, clause 3(xi) of the order is not applicable to the Company.

xii. In respect of reporting in a Nidhi Company

The Company is not a Nidhi Company as specified in the Nidhi Rules, 2014. Thus, the requirements under para 3(xii) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.

xiii. In respect of Related Party Transaction

According to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.



xiv. In respect of reporting of Private Placement / Preferential allotment of shares / debentures

According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

xv. In respect of reporting of Non- Cash Transactions

According to the information and explanations given to us, the company has not entered into non-cash transactions with the directors or persons connected with him, within the provisions of section 192 of the Companies Act, 2013.

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

The Company is not a Non-banking finance company, hence registration under section 45-IA of the Reserve Bank of India Act, 1934 does not arise.

**For SSRA & CO.
Chartered Accountants
Firm's Registration number-014266N**



**Suresh Goyal
Partner**

Membership No. 093711

Place of Signature: New Delhi

Date: 19.06.2019





“Annexure B” to the Revised Independent Auditors’ Report of even date on the Ind AS Financial Statements of Ircon Davanagere Haveri Highway Ltd for the year ended 31st March, 2019

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

We have audited the internal financial controls over financial reporting of company as of March 31, 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.

Auditor’s 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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

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Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 SRA & CO.
Chartered Accountants
Firm's Registration number-014266M



Suresh Goyal
Partner
Membership No-093711
Place of Signature: New Delhi
Date: 20.06.2019

IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
BALANCE SHEET AS AT 31ST MARCH 2019

(Rs. in Lacs)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
I. ASSETS			
1 Non-current assets			
(a) Financial Assets	3		
- Others	3.1	13,425.91	245.67
(b) Deferred Tax Assets (Net)	4	27.39	63.32
Total Non-Current Assets		13,453.30	308.99
2 Current Assets			
(a) Financial Assets	5		
(i) Trade Receivables	5.1	10,099.60	-
(ii) Cash and Cash Equivalents	5.2	134.24	0.23
(iii) Others	5.3	1.13	-
(b) Current Tax Assets (Net)	6	336.73	-
(c) Other Current Assets	7	8,853.34	0.43
Total Current Assets		19,425.04	0.66
Total Assets		32,878.34	309.65
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity Share Capital	8	10,405.00	5.00
(b) Other Equity	9	277.38	63.07
Total Equity		10,682.38	68.07
2 Liabilities			
(i) Non-Current Liabilities			
(a) Financial Liabilities	10		
(i) Borrowings	10.1	13,000.00	-
Total Non-Current Liabilities		13,000.00	-
(ii) Current liabilities			
(a) Financial Liabilities	11		
(i) Trade payables	11.1		
- Micro, Small and Medium Enterprises		0.10	-
- Others		5.93	240.01
(ii) Other Financial Liabilities	12	141.85	1.28
(b) Other Current Liabilities	13	9,048.08	0.29
Total Current Liabilities		9,195.96	241.58
Total Equity and Liabilities		32,878.34	309.65
III. Summary of Significant Accounting policies	1 - 2		
IV. Notes forming part of financial statements	3 - 31		

As per our Report of even date attached

For and on behalf of Board of Directors

For SSRA & Co
Chartered Accountants
FRN : 014266N

Deepak Sabhlok
Director
DIN-03056457

Ashok Kumar Goyal
Director
DIN-05308809

Anand Kumar Singh
Director
DIN-07018776

Suresh Goyal
Partner
M. No. 093711

Nagangouda Patil
Chief Executive Officer

Kratika Gupta
Chief Financial Officer

Pooja Rastogi
Company Secretary

Place : New Delhi
Date : 02.05.2019



IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 1ST APRIL TO 31ST MARCH 2019

(Rs. in Lacs)

Particulars	Note No.	For the Period ended 31st March 2019	For the year ended 31st March 2018
I. Revenue :			
Revenue from operations	14	31,270.32	245.67
II. Other income	15	326.43	-
III. Total Income (I + II)		31,596.75	245.67
IV. Expenses:			
Project Expenses	16	30,846.31	238.39
Employee benefits expenses	17	18.74	4.26
Finance costs	18	405.27	3.02
Other Expenses	16	0.50	0.25
Total Expenses (IV).		31,270.82	245.92
V. Profit Before exceptional items and Tax (III - IV)		325.93	-0.25
VI. Exceptional items		-	-
VII. Profit before tax (V + VI)		325.93	-0.25
VIII. Tax expenses:			
(1) Current tax	4		
- For the Period		75.69	-
- For earlier years (net)		-	-
(2) Deferred tax (net)		35.93	-63.32
Total Tax Expense		111.62	-63.32
IX Profit for the period from continuing operation (VII - VIII)		214.31	63.07
X Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income Tax relating to Items that will not be reclassified to profit or loss		-	-
B. (i) Items that will be reclassified to profit or loss		-	-
(ii) Income Tax relating to Items that will be reclassified to profit or loss		-	-
		-	-
XI Total Comprehensive Income for the period (IX + X) (Comprising profit and other comprehensive income for the year, net of tax)		214.31	63.07
XII Earnings Per Equity Share: (For Continuing Operation)			
(1) Basic		0.34	126.15
(2) Diluted		0.34	126.15
XIII Summary of Significant Accounting policies	1 - 2		
XIV Notes forming part of financial statements	3 - 31		

As per our Report of even date attached

For and on behalf of Board of Directors

For SSRA & Co.
Chartered Accountants
FRN : 014266N

Deepak Sabhlok
Director
DIN-03056457

Ashok Kumar Goyal
Director
DIN-05308809

Anand Kumar Singh
Director
DIN-07018776

Suresh Goyal
Partner
M. No. 093711

Nagangouda Patil
Chief Executive Officer

Kratika Gupta
Chief Financial Officer

Pooja Rastogi
Company Secretary

Place : New Delhi
Date : 02-05-2019



IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
STATEMENT OF CHANGE IN EQUITY AS AT 31ST MARCH 2019

A. Equity share capital

(Rs. in Lacs)

Particulars	"Balance at the beginning of the Reporting Period"	Issued during the year	Shares buy back during the year	Balance at the end of Reporting Period
Balance as at March 31, 2018	-	5.00	-	5.00
Balance as at March 31, 2019	5.00	10,400.00	-	10,405.00

B. Other Equity

(Rs. in Lacs)

Particulars	Reserve & Surplus			Items of Other Comprehensive Income	Total
	General Reserves	Retained Earnings	Capital Redemption Reserve	Exchange differences on translating the financial statement of a foreign operation	
Balance as at April 01, 2017	-	-	-	-	-
Changes in accounting policy or prior period errors		-			-
Restated balance at the beginning of the reporting period	-	-	-	-	-
Profit for the year		63.07			63.07
Other Comprehensive Income					
Remeasurment of Defined Benefit Plans		-			-
Foreign Exchange translation difference				-	-
Total Comprehensive Income for the period	-	63.07	-	-	63.07
Less : Dividends Paid		-			-
Less : Dividend Distribution Tax		-			-
Balance as at March 31, 2018	-	63.07	-	-	63.07
Changes in accounting policy or prior period errors		-			-
Restated balance at the beginning of the reporting period	-	63.07	-	-	63.07
Profit for the year		214.31			214.31
Other Comprehensive Income					
Remeasurment of Defined Benefit Plans		-			-
Foreign Exchange translation difference				-	-
Total Comprehensive Income for the period	-	214.31	-	-	214.31
Less : Dividends Paid		-			-
Less : Dividend Distribution Tax		-			-
Balance as at March 31, 2019	-	277.38	-	-	277.38

As per our Report of even date attached

For and on behalf of Board of Directors

For SSRA & Co.
Chartered Accountants
FRN : 014266N

Suresh Goyal
Partner
M. No. 093711

Place : New Delhi
Date : 02.05.2019

Deepak Sabhlok
Director
DIN-03056457

Nagangouda Patil
Chief Executive Officer

Ashok Kumar Goyal
Director
DIN-05308809

Kratika Gupta
Chief Financial Officer

Anand Kumar Singh
Director
DIN-07018776

Pooja Rastogi
Company Secretary



IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2019

(In Rs. Lacs)

Particulars		As at 31st March 2019	As at 31st March 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		325.93	-0.25
Adjustment for :			
Interest Income		(326.43)	-
Operating Profit before working capital changes	(1)	-0.50	-0.25
Adjustment for :			
Decrease / (Increase) in Trade Receivables		(10,099.60)	-
Decrease / (Increase) in Other Non Current Financial Assets		(13,180.24)	(245.67)
Decrease / (Increase) in Other Current Financial Assets		(1.13)	-
Decrease / (Increase) in Other Current Assets		(8,852.90)	(0.43)
(Decrease) / Increase in Trade Payables		(233.98)	240.01
(Decrease) / Increase in Other Current Financial Liabilities		140.58	1.28
(Decrease) / Increase in Other Current Liabilities		8,635.37	0.29
Total of Working Capital Changes	(2)	(23,591.90)	(4.52)
Cash generated from operation	(1+2)	(23,592.40)	(4.77)
Income Tax Paid		-	-
NET CASH FROM OPERATING ACTIVITIES	(A)	(23,592.40)	(4.77)
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Received		326.41	-
NET CASH FROM INVESTING ACTIVITIES	(B)	326.41	-
CASH FLOW FROM FINANCING ACTIVITIES			
Loan From IRCON		13,000.00	-
Equity Shares		10,400.00	5.00
NET CASH FROM FINANCING ACTIVITIES	(C)	23,400.00	5.00
Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents	(D)	-	-
NET DECREASE IN CASH & CASH EQUIVALENT	(A+B+C+D)	134.01	0.23
CASH AND CASH EQUIVALENT (OPENING)	(E)	0.23	-
CASH AND CASH EQUIVALENT (CLOSING) *	(F)	134.24	0.23
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENT	(F - E)	134.01	0.23

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

2. Figures in brackets represent outflow of cash.

3. Figures of the previous year have been regrouped / recasted wherever necessary.

As per our Report of even date attached

For and on behalf of Board of Directors

For SSRA & Co
Chartered Accountants
FRN : 014266N

Suresh Goyal
Partner
M. No. 093711



Deepak Sabhlok
Director
DIN-03056457

Nagangouda Patil
Chief Executive Officer

Ashok Kumar Goyal
Director
DIN-05308809

Kratika Gupta
Chief Financial Officer

Anand Kumar Singh
Director
DIN-07018776

Pooja Rastogi
Company Secretary

Place : New Delhi
Date : 02.05.2019



IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

Note 1 & 2 Significant Accounting Policies:

1. Corporate Information

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

2. Significant Accounting Policy under Ind AS

(i).Basis of Preparation

a) 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 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and as amended.

b) 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 Plan and other long term employee benefits
- ii. Certain financial assets and liabilities measured at fair value.
- iii. Provisions as per para (x) (D) below, where time value of money is material.

c) 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



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

the date of financial statements and the reported amount of revenue and expenses. Actual results may differ from these estimates.

Key accounting estimates:

Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

Provisions – At each balance sheet date on the basis of the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Revenue-The Company recognizes revenue for a performance obligation satisfied over time after reasonably estimating its progress towards complete satisfaction of the performance obligation.

The recognition of revenue requires assessments and judgments 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.

Property, plant and Equipment– Property, plant and Equipment represent a significant proportion of the asset base of the company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

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

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

(ii).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.

(iii).Property, plant and equipment

1. Freehold land is carried at historical cost. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

2. 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.
3. 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.
4. Cost of asset includes the following
 - i. Cost directly attributable to the acquisition of the assets
 - ii. Incidental expenditure during the construction period is capitalized as part of the indirect construction cost to the extent the expenditure is directly related to construction or is incidental thereto.
 - iii. Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.
5. Cost of replacement, major inspection, repair of significant parts and borrowing costs for long-term construction projects are capitalized if the recognition criteria are met.
6. An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.
7. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work- in-progress. Expenses directly attributable to project, prior to commencement of commercial operation, are considered as project development expenditure and shown under Capital Work-in-Progress.

Depreciation

- (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 period of significant items of property plant and equipment are as follows:

Particulars	Useful Life (yrs.)
Building/flats residential/non-residential	60
Plant and Machinery	8-15



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019**

Survey instruments	10
Computers	3-6
Office Equipment's	5
Furniture and fixtures	10
Caravans, Camps and temporary shed	3-5
Vehicles	8-10

- (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 up to 5% of the original cost of the asset" as 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. However, Mobile phones provided to employees are charged to revenue irrespective of its value.

(iv). 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.

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 is as follows:

Intangible Assets	Useful Life	Internally generated or self-generated
Software	Finite (36 months)	Acquired

- (b) Amortization methods, useful lives and residual values are reviewed at each reporting date.
- (c) Software cost up to Rs. 1 Lakhs in each case is fully amortized in the year of purchase, by keeping Rs. 1 as token value for identification.

(v). Inventories

- (a) **Construction Work in Progress**



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

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.

(vi). Cash and Cash Equivalents

Cash and cash equivalent in the Balance sheet comprise of cash at bank, cash in hand, other short term deposits with banks with an original maturity of three months or less and highly liquid investments, that are readily convertible to known amount of cash and 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 etc., as defined above, net of outstanding bank overdrafts since they are considered integral part of the company's cash management.

(vii). Provisions

A- Provision for Maintenance

- a) In Cost Plus contract, no provision for maintenance is required to be made where cost is reimbursable.
- b) 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.
- c) Provision for unforeseen expenditure during design guarantee period is made based on risk perception of management in each contract assessed at the end of each financial year. This shall, however, be subject to a minimum of Rs. 50 lakhs and maximum of the amount of Design guarantee specified in Contract Agreement with the Client.

B-Provision for Demobilization

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

C-Others

Provision is recognized when:

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



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

- 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 pre-tax 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.

(viii). Revenue Recognition

(a) Service Concession Agreement

The Company recognizes and measures revenue from construction and upgrade services in accordance with Ind AS -115 "Revenue from Contracts with Customers".

The Consideration received or receivable by the Company is a right to a financial asset. The Company recognise a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor ("NHAI") for the construction services; the grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law.

The Company has an unconditional right to receive cash as the grantor contractually guarantees to pay specified or determinable amounts to the Company, even if payment is contingent on the Company ensuring that the infrastructure meets specified quality or efficiency requirements.

Contract revenue is recognized when the Company satisfies a performance obligation by transferring a promised service to the grantor. The Company's performance creates /enhances an asset that the grantor controls as the asset is created or enhanced hence, the Company transfers control over time, satisfies a performance obligation over time.

The Company recognise revenue for a performance obligation satisfied over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation, However, where the Company is not be able to reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognise



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

revenue 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. Input methods recognise revenue on the basis of the Company's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. If the company's efforts or inputs are expended evenly throughout the performance period, the Company is recognizing revenue on a straight-line basis. Expected input is adjusted for liquidated damages/penalties (LD) due to delays arising out of the contractual obligations.

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

Revenue is measured at the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised service to the grantor. Damages for delay/Penalty, Escalations and Bonus on early completion is evaluated by the Management for variable considerations and adjusted only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

After contract inception, the transaction price can change for various reasons, including the resolution of uncertain events or other changes in circumstances that change the amount of consideration to which the Company expects to be entitled in exchange for the promised goods or services. The Company then allocates to the performance obligations in the contract any subsequent changes in the transaction price 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.

The Company account for a contract modification as a separate contract on satisfaction of both of the following conditions:

- a. the scope of the contract increases because of the addition of promised goods or services that are distinct i.e., the customer can benefit from the goods or services either on its own or together with other resources that are readily available to the customer (goods or service is capable of being distinct) and the Company's promise to transfer the goods or service to the customer is separately identifiable from other promises in the Contract (goods or service is distinct within the context of the contract).
- b. the price of the contract increases by an amount of consideration that reflects the Company's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

If a contract is not accounted as a separate contract, the Company account for the promised goods or services not yet transferred at the date of the contract modification (i.e. the remaining promised goods or services). The amount of consideration is re determined which is the sum of the consideration promised by the customer that had not been recognised as revenue and the consideration promised as part of the contract modification.

A Contract asset or liability is presented in the Balance Sheet when either party performs in a Contract.

A Contract asset reflects the Company's right to consideration in exchange for good or services that the Company has transferred to the customer. Essentially the Company has performed prior to the payment due date. The Conditions attached with this are other than passage of time. If the payment due date is conditioned only by passage of time, the Company present this separately as a receivable.

A Contract liability is booked when the Company has an obligation to transfer goods or services to a customer. In this situation, the Company has either already receive consideration from the customer, or the customer owes consideration and it is unconditional (the customer pays or owes payment before the Company performs).

b) Other Revenue Recognition

- i) Interest income is recognized using Effective Interest Rate Method.

(ix). Leases

a) Company as a lessee

Finance Lease: -

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

Operating Lease: -

- (i) is classified as operating lease when significant portion of the risk and rewards are not transferred to the company.
(ii) payments are charged to profit and loss on straight-line basis over the lease term except where lease payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

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.

(x). 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. 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. For the purpose of assessing impairment, assets that cannot be tested individually are grouped in to the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets (the cash-generating units).

(xi). Borrowing Cost

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

(xii). Employee Benefits

a) Short Term Employee Benefits

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

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

The Post employee benefits & other long term Employee Benefits are provided by Ircon



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

International Limited, the Holding Company, as the employees are on the deputation from the Holding Company.

(xiii). Taxes

a) Current income tax

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

b) Deferred tax

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

(xiv). 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 one reporting segments i.e. Domestic.

(xv).Earnings Per Share

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

(xvi).Contingent Liabilities and Contingent Assets



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

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Notes to the Financial Statements for the period ended 31st March 2019

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

(xvii). Fair Value Measurement

Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

Level 1 —Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

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Notes to the Financial Statements for the period ended 31st March 2019

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.

(xviii). Dividend to equity holders

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

(xix). Financial instruments

A. Initial recognition and measurement

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

B. Subsequent measurement

B.1 Financial Assets

Financial assets are classified in following categories:

a). Debt instruments at Amortised Cost

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

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

(b) 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.

Following financial assets are measured at amortised cost: -

- (i) Trade receivable
- (ii) Security deposit
- (iii) Retention money
- (iv) Money held with client
- (v) Cash and cash equivalent
- (vi) Loan and advances
- (vii) Investment in Tax free bonds

b). Debt instruments at Fair value through Other comprehensive income (FVTOCI)



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Notes to the Financial Statements for the period ended 31st March 2019

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.

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

B.2 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.

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 recognized in the statement of Profit & Loss.

D. 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



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Notes to the Financial Statements for the period ended 31st March 2019

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 recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

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

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The sale is considered highly probable only when the asset or disposal group is available for immediate sale in its present condition, it is unlikely that the sale will be withdrawn and sale is expected within one year from the date of the classification. Disposal groups classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets 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 recognized 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.

(xxi) Financial guarantees

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
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Notes to the Financial Statements for the period ended 31st March 2019

(Rs. in Lacs)

3.1 Other Financial Assets

Particulars	Foot Note	31 March 2019	31 March 2018
Considered Good			
Financial Asset- Construction Contract	1	13,425.91	245.67
Total - Other Financial Assets		13,425.91	245.67

Foot Notes:-

1. Financial Assets - Construction contract is the Highway being made by IDHHL under Hybrid Annuity Model (HAM) (Refer Note 20)

4. Deferred Tax Assets

(Rs. in Lacs)

Particulars	31 March 2019	31 March 2018
Others	27.39	63.32
Closing balance as at 31 March	27.39	63.32

Reconciliation / Movements in Deferred Tax Assets

Particulars	Provisions	PPE and Intangible Assets	Others
As at 31 March 2017	-	-	-
(Charged)/Credited :			
- to profit or loss	-	-	63.32
- to Other Comprehensive Income	-	-	-
As at 31 March 2018	-	-	63.32
(Charged)/Credited :			
- to profit or loss	-	-	-35.93
- to Other Comprehensive Income	-	-	-
As at 31 March 2019	-	-	27.39

Deferred tax liabilities have been off set as they relate to the same governing law.

Income Tax Expense

(Rs. in Lacs)

Particulars	31 March 2019	31 March 2018
Profit or loss Section		
Current income tax:		
Current income tax charge	75.69	-
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	35.93	(63.32)
Income tax expense reported in the statement of profit or loss	111.62	-63.32

OCI section

Income tax related to items recognised in OCI during the year:

(Rs. in Lacs)

Particulars	31 March 2019	31 March 2018
Net loss/(gain) on measurements of defined benefit plans	-	-
Net loss/(gain) on exchange gain/ loss	-	-
Income tax charged to OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2019:

(Rs. in Lacs)

Particulars	31 March 2019	31 March 2018
Accounting profit before tax from continuing operations	325.94	-
Profit/(loss) before tax from a discontinued operation	-	-
Accounting profit before income tax	325.94	-
At India's statutory income tax rate of 27.82% (31 March 2018: 30.90%)	90.68	-
Utilisation of previously unrecognised tax losses	-	-
- Other	20.94	-63.32
At the effective income tax rate of 34.25% (31 March 2018: 30.90%)	111.62	-63.32
Income tax expense reported in the statement of profit and loss	111.62	(63.32)
	111.62	-63.32



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019****Financial Assets**

5.1 Trade Receivables		(Rs. In Lacs)	
Particulars	31 March 2019	31 March 2018	
Unsecured : considered good			
- Trade receivables * (Refer Note no. 20)	10,099.60	-	
Considered Doubtful			
- Trade receivables	-	-	
Less : Impairment allowances for doubtful debts	-	-	
Total	10,099.60	-	

Financial Assets

5.2 Cash and Cash equivalents		(Rs. in Lacs)	
Particulars	31 March 2019	31 March 2018	
Cash in hand	-	-	
<i>Balances with banks:</i>			
- On current accounts	0.74	0.23	
- Flexi Deposits with original maturity of less than 3 months	133.50	-	
Total	134.24	0.23	

Financial Assets

5.3 Other Financial Assets		(Rs. in Lacs)	
Particulars	31 March 2019	31 March 2018	
a) Considered Good			
Security Deposits			
- Government Departments	-	-	
- Others	0.63	-	
- Deposits with Banks	0.03	-	
Other Recoverable	0.47	-	
Total - Other Financial Assets - Good	1.13	-	
b) Considered Doubtful			
Security Deposits			
- Government Departments	-	-	
- Others	-	-	
Total - Other Financial Assets - Doubtful	-	-	
Grand Total - Other Financial Others	1.13	-	



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019****6 Current Tax Assets (Net) (Rs. in Lacs)**

Particulars	31 March 2019	31 March 2018
Taxes Paid including TDS & Advance Tax (Net of Provision for Tax)	336.73	-
Current tax Assets (Net)	336.73	-

7. Other Current Assets (Rs. In Lacs)

Particulars	31 March 2019	31 March 2018
a) Advances Other than Capital Advances		
Advances to Contractors against material and machinery	-	-
Advances to Contractors, Suppliers and Others - Related Party	7,269.00	-
Advance Recoverable from:		
- Goods & Services Tax	1,515.89	0.06
Total - Advances Other than Capital Advances	8,784.89	0.06
b) Others		
Prepaid Expenses	20.47	0.37
Total - Others	20.47	0.37
c) Interest Accrued but not due		
On Mobilisation advance to IRCON	47.98	-
Total - Interest Accrued but not due	-	-
Grand Total	8,853.34	0.43



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019****8. Equity Share capital****(Rs. in Lacs)**

Particulars	31 March 2019	31 March 2018
Authorised share capital		
21,70,50,000 Equity shares of Rs.10 each	21,705.00	21,705.00
	<u>21,705.00</u>	<u>21,705.00</u>
Issued/Subscribed and Paid up Capital		
10,40,50,000 Equity shares of Rs 10 each-fully paid	10,405.00	5.00
Total	<u>10,405.00</u>	<u>5.00</u>

Details of shareholders holding in the company

Name of the shareholder	31 March 2019		31 March 2018	
	No. of Share	% holding in the class	No. of Share	% holding in the class
Iron International Limited- Holding Company (IRCON)	10,40,50,000	100	50,000	100
Total	10,40,50,000	100	50,000	100

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	31 March 2019	31 March 2018	31 March 2017	31 March 2016
	No. of Share	No. of Share	No. of Share	No. of Share
Equity shares allotted other than cash	-	-	-	-
Equity shares issued as bonus shares	-	-	-	-
Equity shares Buy Back	-	-	-	-
Total	-	-	-	-

Terms / Rights attached to Equity Shares :

(a) Voting :

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

(b) Liquidation :

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of equity shares and share capital**(Rs. in Lacs)**

Particulars	31 March 2019		31 March 2018	
	No of shares	Rs in Lacs	No of shares	Rs in Lacs
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	50,000	5.00	-	-
Add: Shares Issued during the year	10,40,00,000	10,400.00	50,000	5.00
Less: Shares Buy Back during the year	-	-	-	-
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	10,40,50,000	10,405.00	50,000	5.00



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019****9. Other Equity****(Rs. In Lacs)**

Particulars	31 March 2019	31 March 2018
(a) Retained Earnings		
Opening Balance	63.07	-
Add: Transfer from surplus in statement of profit and loss	214.31	63.07
Less: Dividend declared and paid during the year including Corporate Dividend Tax	-	-
Closing Balance	277.38	63.07
(b) General Reserve		
Opening Balance	-	-
Closing Balance	-	-
(c) Capital Redemption Reserve		
Opening Balance	-	-
Add: Transfer for Buy Back of Equity Shares	-	-
Closing Balance	-	-
(d) Items of other comprehensive income		
Opening Balance	-	-
Foreign Currency Translation (net of tax)	-	-
Closing Balance	-	-
Grand Total	277.38	63.07

10. Financial Liabilities (Non Current)**(Rs. in Lacs)****10.1 Borrowings**

Particulars	31 March 2019	31 March 2018
Secured:		
Loan from Holding Company(Ircon International Limited)*	13,000.00	-
Total	13,000.00	-

Notes :*** Terms & Conditions of Loans****Rate of Interest :**

- (i) The Company will pay Interest rate to be charged on loan shall be at SBI MCLR rate prevailing from time to time plus 0.50%.
- (ii) Duration of the Loan Disbursement would be a period of 30 month from the date of signing this agreement.
- (iii) Term loan shall be repaid in 10.5 years starting from 1 April 2021.
- (iv) Interest shall be paid on monthly basis on the last day of each month.
- (v) The loan shall be disbursed in tranches as per the requirement of the borrower.
- (vi) Actual time taken in construction of the project shall be moratorium period subject to the condition that moratorium period shall not exceed 5 years from the date of signing of this agreement.
- (vii) The loan shall be secured by-
- (a) A first mortgage & charged on all borrower's immovable properties, both present and future save and except the project assets
- (b) A first charge on all borrower's tangible moveable asset
- (c.) A first charge over all bank accounts of the borrower
- (d) Same being applied to the extent of waterfall of priority of payment as specified in article 25 of concession agreement and article 4 of escrow agreement and not beyond that
- (e) A charge on all intangibles of the borrower
- (f) A charge by way of creation of secured interest over:
- (i) The right ,title,interest ,benefits,claims and demands of the borrower,in to and under the project documents
- (ii) The right ,title,interest ,benefits,claims and demands of the borrower,in to and under all approvals and insurance contracts and
- (iii) The right ,title,interest , benefits,claims and demands of the borrower,in to and under any letter of credit,gurantees including contractor gurantees and liquidated damages and performance bond provided by the any party to the project documents.



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019****11. Financial Liabilities (Current)****11.1 Trade Payables****(Rs. In Lacs)**

Particulars	31 March 2019	31 March 2018
Micro, Small & Medium Enterprises (Refer Note no. 29)	0.10	-
Others:		
(a) Contractor & Suppliers	1.27	11.42
(b) Related Parties	4.66	228.59
Total	6.03	240.01

Financial Liabilities (Current)**12. Other Financial Liabilities****(Rs. In Lacs)**

Particulars	31 March 2019	31 March 2018
Interest Payable on Advance from Client	140.66	-
Other Payables (including Staff Payable)	1.19	1.28
Total	141.85	1.28

13. Other Current Liabilities**(Rs. in Lacs)**

Particulars	31 March 2019	31 March 2018
a) Contract Liability		
Advance from clients	8,827.50	-
b) Others		
Statutory dues	220.58	0.29
Total	9,048.08	0.29



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

14. Revenue from operations

(Rs. in Lacs)

Particulars	For the period ended 31st March 2019	For the year ended 31st March 2018
Construction Contract revenue under SCA (Refer Note 20)	31,270.32	245.67
Total	31,270.32	245.67

15. Other Income

(Rs. in Lacs)

Particulars	For the period ended 31st March 2019	For the year ended 31st March 2018
Interest Income :		
Interest on other advances- to related party	290.24	-
Bank Interest Gross	36.19	-
Less:- Interest passed to clients	-	-
Total	326.43	-

16. Project and Other Expenses

(Rs. in Lacs)

Particulars	Foot Note	Project Expenses		Other Expenses	
		For the year ended 31 March 2019	For the year ended 31st March 2018	For the year ended 31 March 2019	For the year ended 31st March 2018
Work Expenses		30,636.58	-	-	-
Inspection, Geo Technical Investigation & Survey Exp. Etc.		167.13	45.20	-	-
Rent - Non-residential		2.29	1.84	-	-
Rates and Taxes		0.41	0.33	-	-
Insurance		30.15	-	-	-
Travelling & conveyance		0.92	0.03	-	-
Printing & stationery		0.22	0.27	-	-
Legal & Professional charges		8.61	190.72	-	-
Auditors remuneration	(i)	-	-	0.50	0.25
Total		30,846.31	238.39	0.50	0.25

(i) Payment to Statutory Auditors:

(Rs. in Lacs)

Particulars	For the year ended 31 March 2019	For the year ended 31st March 2018
(a) Audit Fee - current year	0.40	0.25
(b) Tax Audit Fees - current year	0.07	-
(c) Certification Fees	0.03	-
Total	0.50	0.25



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

17. Employee Remuneration and Benefits

(Rs. in Lacs)

Particulars	Foot Note	For the year ended 31st March 2019			For the year ended 31st March 2018		
		Operating	Other (Administrative)	Total	Operating	Other (Administrative)	Total
Salaries, wages and bonus	(i)	17.44	-	17.44	4.26	-	4.26
Contribution to provident and other funds		0.39	-	0.39	-	-	-
Foreign service contribution		-	-	-	-	-	-
Retirement Benefits		0.91	-	0.91	-	-	-
Staff Welfare		-	-	-	-	-	-
Total		18.74	-	18.74	4.26	-	4.26

18. Finance Cost

(Rs. in Lacs)

Particulars	Foot Note	For the year ended 31st March 2019	For the year ended 31st March 2018
Interest Expense (Loan from IRCON)		240.19	-
Other Borrowing Cost		-	-
Bank Guarantee & Other Charges		8.78	3.02
Interest Expenses on Other Financial Liabilities (Mob advance from Client)		156.30	-
Total		405.27	3.02

Note No. 19 : Details of Related Party Transactions during the year

a) Key management personnel:

(i) Directors from IRCON w.e.f. 11th May, 2017: - Mr. Deepak Sabhlok, Mr. Ashok Kumar Goyal, Mr. Anand Kumar Singh, Mr. R S Yadav and Ms. Anupam Ban.

(ii) Others : Mr. Nagangouda Patil, Chief Executive Officer (w.e.f 18th July, 2018), Mrs. Kratika Gupta, Chief Financial Officer (w.e.f 22th Oct, 2018) and Ms. Pooja Rastogi, Company Secretary (w.e.f 1st April, 2019)

(b) Remuneration to Key management personnel are as under:

(Rs. in Lacs)

S.No.	Particulars	During the Period upto 31-03.2019	During the Period upto 31.03.2018
1	Salary & allowances	17.44	4.26
2	Contribution to provident fund & Other Fund	0.39	-
3	Sitting fee	-	-
4	Other benefits	0.91	-
	TOTAL	18.74	4.26

(c) Details of Related Party Transactions during the year

(Rs. in Lacs)

Name of Related Party	Particular	Transactions (Rs.)		Outstanding Amount	
		During the Period upto 31.03.2019	During the Period upto 31.03.2018	As at 31st March 2019	As at 31st March 2018
Ircon International Limited (Holding company)	Investment in Equity	10,400.00	5.00	10,405.00	5.00
	Loans	13,000.00	-	13,000.00	-
	Other Payables	4.66	228.59	4.66	228.59
	Other receivables	7,316.98	-	7,316.98	-
	Rendering of services				
	Works Contract	30,636.58	-	-	-
	Rent	2.29	1.84	-	-
	Interest on Loan - Expenses	240.19	-	-	-
	Interest On Mobilization Advance- Income	290.24	-	-	-
	Reimbursement of Expenses	19.12	228.59	-	-



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial statements for the period ended 31st March 2019

Note No. 20 : Service Concession Arrangements

Public to private service concession arrangements are recorded in accordance with Appendix "C"- Service Concession Arrangements (Ind AS-115). Appendix "C" is applicable if:

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

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

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

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

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

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

Company has recognized financial asset of Rs.13425.91 Lacs under service concession agreement upto the period ended 31st March 2019 after taking into account the receivables due from NHAI on completion of milestone as per terms of the contract. The company has recognised revenue of Rs 31270.32 Lacs for the period upto 31st March 2019 on construction of Road under SCA as per Ind AS - 115 related to "Revenue from Customers". The company has recognized receivable under service concession arrangement and shown under Other Financial current Assets which it will receive as per terms of the contract based on the completion of milestone, as on 31st March 2019.

Disclosure in terms of Appendix D of Ind AS 115

In terms of the disclosure required in Appendix D in Ind AS -115 Revenue from Customers, as notified in the companies (Indian Accounting Standard) rules 2016, the amount considered in the financial statements up to the balance sheet date are as follows:-

Particulars	(Rs. in Lacs)	
	31-Mar-19	31-Mar-18
Contract Revenue Recognized	31,270.32	245.67
Aggregate amount of cost incurred	31,270.32	245.67
Amount of advance received from Client	8,827.50	-
Amount of retention by Client	-	-
Profit/(Loss) recognised during the period for exchange of construction service for a financial asset	-	-
Gross amount due from Client for Contract Works	10,099.60	-



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial statements for the period ended 31st March 2019****Note No. 21 : Capital Management**

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

Company has taken a term loan during the FY 2018-19 Rs 13000.00 Lacs (Previous Year Rs NIL) from its holding company to finance its project.

Note No. 22 : Financial Instruments**(i) Financial Instruments by Category**

Particulars	As at 31st March 2019			As at 31st March 2018		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
Non Current Financial Assets:						
Other Financial Assets	-	-	13,425.91	-	-	245.67
Current Financial Assets:						
Current Trade Receivables	-	-	10,099.60	-	-	-
Cash & Cash Equivalents	-	-	134.24	-	-	0.23
Current Other Financial Assets	-	-	1.13	-	-	-
Total Financial Assets	-	-	23,660.88	-	-	245.90
Non Current Financial Liabilities:						
Borrowings	-	-	13,000.00	-	-	-
Current Financial Liabilities:						
Trade payables	-	-	6.03	-	-	240.01
Other Financial liabilities	-	-	141.85	-	-	1.28
Total Financial Liabilities	-	-	13,147.88	-	-	241.29

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

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

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

ii) Financial risk management

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

a) Market Risk

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

b) Interest Rate Risk

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

c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. currently company has dealt with NHAI (National Highway Authority of India) only therefore company have minimal credit risk.



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED
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Notes to the Financial statements for the period ended 31st March 2019

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when 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 table below provides details regarding the contractual maturities of significant financial liabilities as at 31st March 2019.

Particulars	As on 31st March, 2019			As on 31st March, 2018		
	Less than 1 Year	1-2 years	2 Years and above	Less than 1 Year	1-2 years	2 Years and above
Borrowings	-	-	13,000.00	-	-	-
	-	-	13,000.00	-	-	-

Note No. 23 : 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 is not feasible, a degree of judgement is required for arriving at fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

b) Taxes

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

Note No. 24 : Contingent liabilities and Contingent Assets:

(I) Contingent Liabilities:

- (a) Claims against the company not acknowledge as debt: Rs. NIL (Previous Year NIL).
- (b) Guarantees excluding financial guarantee: Performance Bank Guarantee for Rs. 5885.00 Lacs (Previous Year Rs. NIL)

(II) Contingent Assets: Rs. NIL (Previous Year NIL).

Note No. 25 :

I. Commitments:

- a) Estimated amount of contracts remaining to be executed on capital account (net of advances) is Rs. 75431.37 Lacs (Previous Year Rs. 117454.33 Lacs).

- b) Other Commitments: Rs. NIL (Previous Year NIL).

II. Segment Reporting:

The Company is operating only in India, which is considered as a single geographical segment, hence segment reporting is not required.

III. Interest in other Entities: Rs. NIL (Previous Year NIL).

IV. Disclosure regarding Leases:

A. Assets taken on operating lease:

The Company's leasing arrangements are in respect of operating leases of premises for residential use of employees, offices, guesthouses and transit camps. Most of the leasing arrangements are cancellable and are usually renewable on mutually agreed terms. The amounts of lease payments during the year are as under:

- (a) Lease payments (net of recoveries) in respect of premises for residential use of employees – Rs. NIL (Previous Year NIL).
- (b) Lease payments in respect of office premises, guesthouses and transit camps –Rs. 2.29 Lakhs (Previous Year Rs. 1.84 Lakhs) (included in Project expenses & Other expenses note 16).

B. Assets given on operating lease: Rs. NIL (Previous Year NIL).



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019**

26. During the year, the Company has carried out assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realisable value and carrying cost in terms of Ind AS 36, "Impairment of Assets" notified under section 133 of the companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian accounting standards) Amendment Rules 2016. Accordingly, impairment loss of **Rs. NIL** (Previous Year NIL) has been provided for."

27. Disclosure under Ind AS-19 on Employee benefits:

The persons working for IRCON Davanagere Haveri Highway Limited are posted on nomination / secondment basis from IRCON (Holding Company).

The provision for Retirement Benefits of nominated employees in terms of Ind AS-19 is being made by its Holding company as per accounting policy (Note No -2, Point No. (xii)).

Provident Fund Contribution of the employees on nomination / secondment have been regularly deposited by the holding company with its P.F Trust.

28. Disclosure under IndAS-115 on Revenue from contracts with Customers***(a) Disaggregation of Revenue**

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

(Rs. in Lacs)

For the year ended March 31, 2019						
Type of goods or service	Railways	Highway	Electrical	Building	Others	Total
Timing of satisfaction of performance obligation:						
Over time	-	312,70.32	-	-	-	-
At a point in time	-	-	-	-	-	-
Total	-	312,70.32	-	-	-	-
Method for measuring performance obligation:						
Input method	-	312,70.32	-	-	-	-
Output method	-	-	-	-	-	-
Total	-	312,70.32	-	-	-	-
Geographical markets:						
Domestic	-	312,70.32	-	-	-	-
International	-	-	-	-	-	-
Total	-	312,70.32	-	-	-	-



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019**

	For the year ended March 31, 2018					
Type of goods or service	Railways	Highway	Electrical	Building	Others	Total
Timing of satisfaction of performance obligation:						
Over time	-	245.67	-	-	-	-
At a point in time	-	-	-	-	-	-
Total	-	245.67	-	-	-	-
Method for measuring performance obligation:						
Input method	-	245.67	-	-	-	-
Output method	-	-	-	-	-	-
Total	-	245.67	-	-	-	-
Geographical markets:						
Domestic	-	245.67	-	-	-	-
International	-	-	-	-	-	-
Total	-	245.67	-	-	-	-

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

Revenue from Segment Reporting is Rs 31270.32 Lacs.

(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:**

Particulars	(Rs. in Lacs)	
	March 31, 2019	March 31, 2018
Trade Receivables (Note 5.1)	100,99.60	
Contract Assets (Note 3.1)	134,25.91	245.67
Contract Liabilities (Note 11.1)	6.03	240.01

(i) Trade receivables are non-interest bearing and the customer profile is National Highway Authority of India. The Company's average project execution cycle is around 24 to 36 months. General payment terms include mobilisation advance, monthly progress payments with a credit period ranging from 45 to 60 days.

(ii) Contract Assets are 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



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019**

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.

(Rs. in Lacs)

Particulars	March 31, 2019	March 31, 2018
Contract Assets at the beginning of the year	245.67	-
Contract Assets at the end of the year	134,25.91	245.67

(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.

(Rs. in Lacs)

Particulars	March 31, 2019	March 31, 2018
Contract Liabilities at the beginning of the year	240.01	-
Contract Liabilities at the end of the year	6.03	240.01

(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.

(Rs. in Lacs)

Particulars	March 31, 2019	March 31, 2018
Amount received as Advance in Construction Contracts	-	-
Amount due to Customers	-	-

(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:

(Rs. in Lacs)

Particulars	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	842,58.87	*

*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.

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:

(Rs. in Lacs)

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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED**CIN- U45500DL2017GOI317401****Notes to the Financial Statements for the period ended 31st March 2019**

Particulars	March 31, 2019**
In one year or less	724.88.87
More than one year to 2 years	117.70
More than 2 years	-
Total	842,58.87

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

- (g) The Company had applied Ind AS 115 "Revenue from Contracts with Customers" effective April 1, 2018 and had changed its accounting policy for the same. The application of the standard did not have any impact on the amounts recognised in prior periods

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

(Rs. in Lacs)

Particulars	For the year ended 31 Mar 2019	Year ended March 31, 2018
(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	0.10	-
• 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;		
(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		
(d). the amount of interest accrued and remaining unpaid at the end of each accounting year;		
(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.		



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IRCON DAVANAGERE HAVERI HIGHWAY LIMITED

CIN- U45500DL2017GOI317401

Notes to the Financial Statements for the period ended 31st March 2019

30. Standards issued but not effective for financial year 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.

31. Certain previous year figures have been reclassified for consistency with the current period presentations. These reclassifications have no effect on the reported results of operations. Also, previous year figures are shown under bracket () to differentiate from current year figures.

As per our Report of even date attached

For and on behalf of Board of Directors

For SSRA & Co.
Chartered Accountants
FRN : 014266N

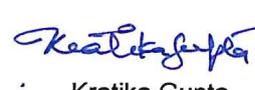



Suresh Goyal
Partner
M. No. 093711


Deepak Sabhlok
Director
DIN-03056457


Nagangouda Patil
Chief Executive Officer


Ashok Kumar Goyal
Director
DIN-05308809


Kratika Gupta
Chief Financial Officer


Anand Kumar Singh
Director
DIN-007018776


Pooja Rastogi
Company Secretary

Place : New Delhi
Date : 02.05.2019



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(a) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF IRCON DAVANAGERE HAVERI HIGHWAY LIMITED FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements of **IRCON DAVANAGERE HAVERI HIGHWAY LIMITED** for the year 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 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 20.06.2019 which supersedes their earlier report dated 02.05.2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **IRCON DAVANAGERE HAVERI HIGHWAY LIMITED** under section 143 (6)(a) of the Act, NEW DELHI 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 as elective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(a) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF IRCON DAVANAGERE HAVERI HIGHWAY LIMITED FOR THE YEAR ENDED 31 MARCH 2019.	MANAGEMENT REPLIES TO THE COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2019
<p>Comments on Profitability</p> <p>(1) Statement of Profit & loss (i) Profit Before Tax Note-15-Other Income Rs 326.43 Lacs</p> <p>The above represents interest earned on escrow account and mobilization advance during the construction period which should have been credited to the other financial asset. This has resulted in overstatements of profit before tax by Rs 326.43 lakh and overstatement of other financial asset by same extent</p>	<p>As per the concession agreement, the contract was awarded to the IDHHL on fixed price of Rs 1177 Crore.</p> <p>Interest on Escrow Account is the Income of IDHHL, not payable to NHAI and appropriately reflected in the Financial Statements of the Company.</p> <p>The interest payable on mobilization advance received from NHAI and Interest receivable from IRCON on mobilization advance have been adequately presented in the Financial Statements of the Company as per agreement and shown as expenditure/ Income of profit & loss account.</p> <p>Financial Asset represent the amount recoverable from NHAI i.e 60% of BPC in the form predefined annuities which cannot be reduced by subtracting the interest on mobilization advance received from IRCON.</p> <p>Since, the agreements with both NHAI and IRCON International are separate and apart, in absence of</p>

	<p>any expressed contractual clause it cannot be constructed that the interest earned on escrow account and on mobilization advance should be set off against financial assets.</p> <p>The agreement with NHAI does not contain any specific clause hence Any interest accrued on fund account shall be the income of IDHHL only.</p> <p>Further it may also be pertinent to mention that interest on mobilization advance received from IRCON was not subtracted from the Project Cost at the time of bidding.</p> <p>As the revenue is fixed and NHAI will make a payment of Rs 1177 crore and any interest income earned is over and above of Rs 1177 crore. Therefore, interest received will be the income of IDHHL.</p>
<p>Comment on Cash Flow</p>	
<p>Cash Flow from Investing Activities Interest Paid-Rs 405.27 Lakh (i)The interest and other finance cost amounting to Rs 405.27 lakh incurred by the company during the year has not been disclosed by the company under cash flow from financing activities in cash flow statement is violation of Ind AS-7</p>	<p>IDHHL is entered into agreement with NHAI for executing the project Hybrid annuity basis which shall be partly financed by the company and recoverable from the authority. Borrowing has been made by the company for executing the project which is operating activity of the company and accordingly interest payable on this amount has been classified under the operating activity.</p>
<p>(ii)The change in non current financial asset amounting to Rs 13180.24 lacs has been disclosed in adjustment of working capital changes instead of disclosing the same under cash flow from investing activities.</p>	<p>Assets which is intended to earn future income in terms of capital appreciation, interest, dividend etc. is classified under the investment activity. However, Financial asset represents the amount receivable from NHAI as per the concession agreement. The non current financial asset is generated from its operating activity and is part of working capital as per hybrid annuity model. Therefore, it is part of working capital change and has been classified accordingly.</p>

For and on behalf of Comptroller
& Audit General of India

Sd/-
(B R Mondal)
Principal Director of Audit
Railway Commercial

For and on behalf of Board of
Director

Sd/-
(Anand Kumar Singh)
Director
DIN-07018776



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

Registered & Corporate Office:

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E-mail id: ircondhhl@gmail.com**