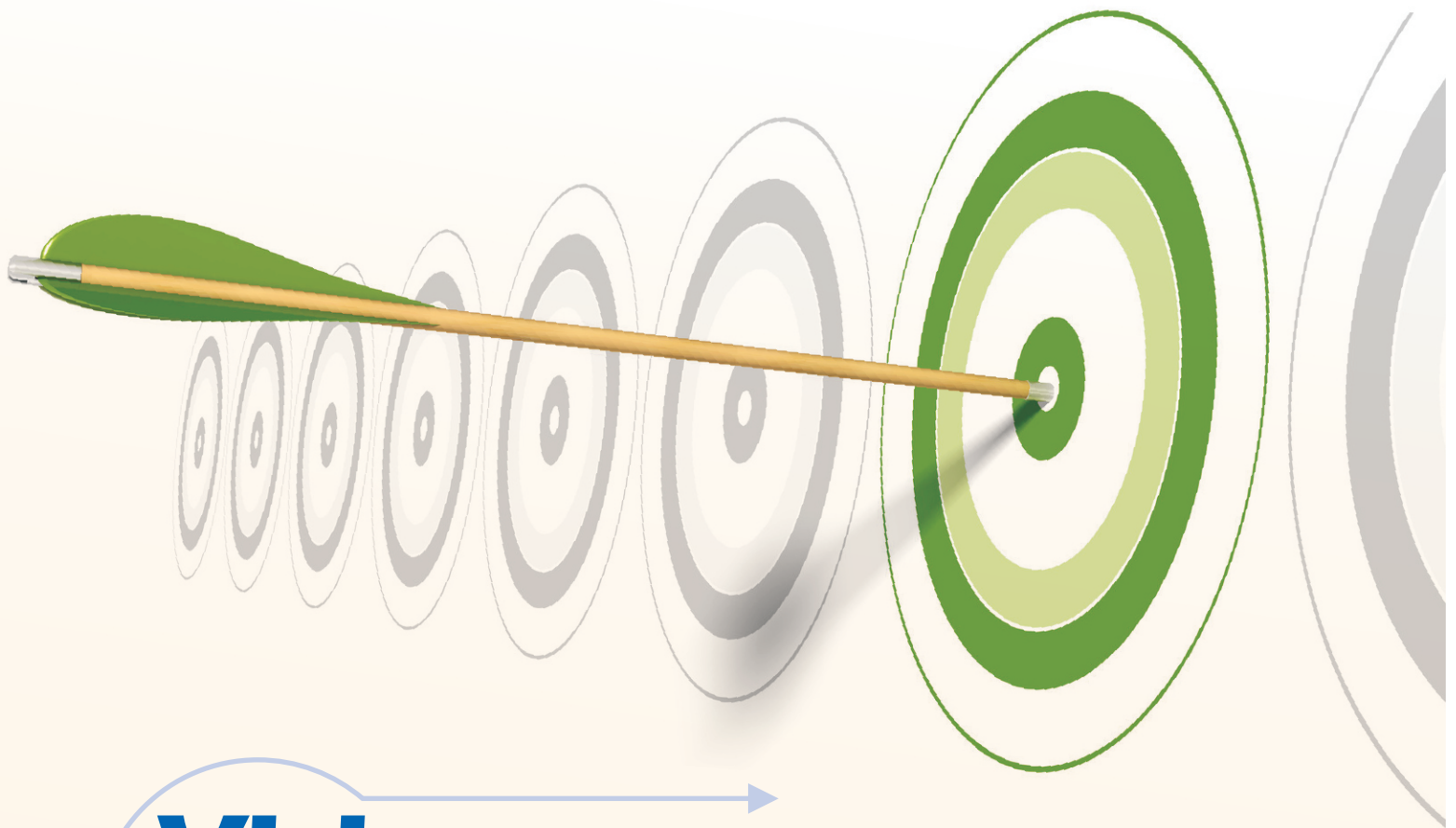




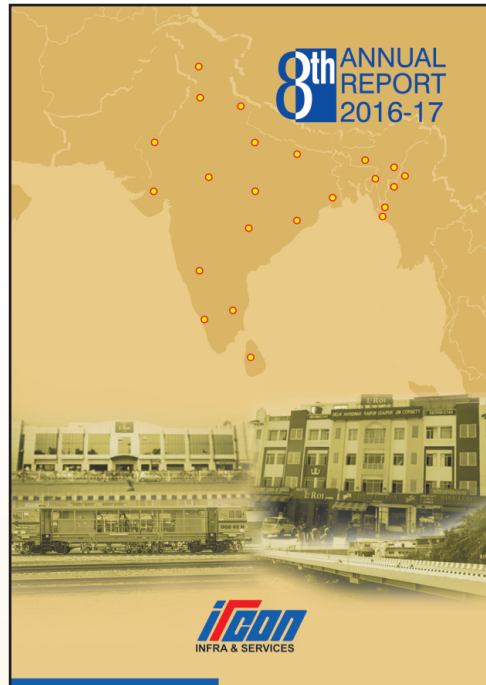
8th ANNUAL REPORT 2016-17





Vision & Mission

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



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Board Of Directors

(Part-Time Directors)



Mr. Hitesh Khanna
Chairman



Mr. Surajit Dutta
Director



Mr. A.K. Goyal
Director



Mr. A.K. Gupta
Director

Key Executives



Mr. C.K. Nayar
Chief Executive Officer



Mr. Aniket Khetrpal
Chief Financial Officer



Ms. Deepshikha Gupta
Company Secretary

Statutory Auditors

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

Registered Office

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

Main Bankers

Indian Overseas Bank
HDFC Bank

Multi Functional Complexes



Indore



Gwalior



Allahabad



Jammu



Siliguri



Digha

Chairman's Address



Distinguished Shareholders,

It gives me immense pleasure to welcome you all to the 8th Annual General Meeting of IrconISL. The Annual Report for the Financial Year ending 31st March 2017, along with the Director's Report, Audited Financial Statements, Statutory Auditor's Report and Secretarial Auditor's Report have been circulated and I request your permission to take them as read.

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

Financial Profile

During the FY 2016-17, your Company has recorded operating revenue of INR 40.98 crores, as compared to INR 74.05 crores recorded previous year, and total revenue of INR 47.24 crores, a decline of 43% (approx.) over the previous year. The Company has achieved Profit before tax of INR 20.81 crores. The Profit after tax is INR 12.36 crores.

The rising turnover in the financial year 2015-16 was mainly due to the CSR works of construction of toilet blocks under Swachh Bharat Abhiyaan as PMC on cost plus basis for various PSUs. Thus, the revenue booked during the financial year 2015-16 under these projects was Rs. 44.73 crores while in 2016-17, it is Rs. 5.54 crores only. Hence, in real terms and in comparison, to previous financial years, the revenue from operations has increased.

Operational Profile

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

Your Company has successfully executed consultancy project for Preparation of DPR for Construction of Two Lane Road on NH Specifications from Paletwa to India-Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar for Ministry of External Affairs (Govt. of India) and has also been appointed as Project Management Consultant by MEA for the same project having construction cost of Rs. 1518 crores at PMC fee of 6%.

Also, IrconISL has been appointed as PMC by MEA for preparation of 69 bridges in Tamu-Kyigone-Kalewa section of Trilateral Highway in Myanmar.

IrconISL has completed the consultancy project for preparation of DPR for upgradation of Rih-Tiddim Road section in Myanmar. The final DPR was submitted on 16.01.2017. IrconISL has also secured a consultancy project from Govt. of Myanmar for preparation of detailed project report for Maungtaw-Alethankyaw Road Project in Rakhine State of Myanmar. Agreement for the same was signed on 22nd August 2015.

Your company has also been appointed as PMC for construction of Multi-Modal Logistic Park near Kadakola Station, Mysuru District awarded by Container Corporation of India Ltd. (CONCOR). The estimated cost of the project is Rs. 93 crores.

IrconISL has been appointed as the PMC for construction of Barrack accommodation for security personnel at 07 Land Ports by Land Ports Authority of India (LPAI). The estimated value of project is approx. Rs. 83 crores (including PMC fees).

Your company secured a new project of Project Management Consultancy work for construction of Navodaya Vidyalaya at JNV, Sabarkantha (Gujarat) and Agar Malwa (Madhya Pradesh) from Navodaya Vidyalaya Samiti (an autonomous organization under Ministry of HRD) on 28th July 2017 and 25th Aug 2017 respectively. The combined total cost of both the projects is Rs. 34.23 crores including IrconISL's PMC fees.

Your Company also has an Environment Management Planning Lab at Jammu. The EMP Lab of the Company has got accreditation from National Accreditation Board for Testing and Calibration Laboratories (NABL) & recognized by Jammu & Kashmir Pollution Control Board. Now the lab is fully operative for conducting various tests for the prospective clients and has also started marketing efforts to secure the business.

Corporate Governance

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

Acknowledge

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

(Hitesh Khanna)
Chairman
(DIN 02789681)

Place: New Delhi
Date: 25.09.2017

Director's Report



Directors' Report

Distinguished Shareholders of IrconISL,

Your Directors are pleased to present the 8th Annual Report of the Company for the financial year 2016-17, together with the Audited Financial Statements, the Auditors' Report, and Review by the Comptroller and Auditor General of India.

OPERATIONAL PERFORMANCE

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



IrconISL has successfully sub-leased 23 MFCs to third parties. The MFC at Tarapith is considered financially unviable and would be returned to RLDA. The company has terminated the sub-lease agreement of MFCs at Kannur, Hyderabad, Mysore and Bilaspur due to non-payment of rent by sub-lessee.

- B. IrconISL has successfully executed consultancy project for Preparation of DPR for Construction of Two Lane Road on NH Specifications from Paletwa to India-Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar for Ministry of External Affairs (Govt. of India). IrconISL has also been appointed as Project Management Consultant by MEA for the same project having construction cost of Rs. 1518 crores at PMC fee of 6%.

IrconISL has also successfully executed consultancy project for Feasibility Study & Preparation of DPR thereof for Ministry of External Affairs (Govt. of India) for preparation of 69 bridges in Tamu-Kyigone-Kalewa section of Trilateral Highway in Myanmar. IrconISL has also been appointed as Project Management Consultant by MEA for the same project having estimated cost of Rs. 280 crore at PMC fee of 5%.

IrconISL has completed the consultancy project for preparation of DPR for upgradation of Rih-Tiddim Road section in Myanmar. The final DPR was submitted on 16.01.2017. IrconISL has also secured a consultancy project from Govt. of Myanmar for preparation of detailed project report for Maungtaw-Alethanyaw Road Project in Rakhine State of Myanmar. Agreement for the same was signed on 22nd August 2015.

IrconISL has also been appointed as PMC for construction of Multi-Modal Logistic Park near Kadakola Station, Mysuru District awarded by Container Corporation of India Ltd. (CONCOR). The estimated cost of the project is Rs. 93 crores. The PMC fees for IrconISL is Rs. 3.25 crores. The work includes Detailed Engineering and Project Supervision & Management for- Construction of various facilities for handling of containers along Rail Siding which includes Boundary Wall, Canteen, Toilet blocks, Labour shed, Warehouses, Administrative Building, Pavement, Drainage System, External Electrification, and other ancillary Building required for development of Multi-Modal Logistics Park (MMLP) near Kadakola Station, Mysuru District.

IrconISL is also providing PMC services towards supervision/inspection of ROBs (Railway portion only) at Indore (1 No.) and at Surat (4 Nos.). The total revenue from supervision of construction of all ROBs is Rs. 2.77 crores for the year.

Further, IrconISL is also providing PMC services to Powergrid Corporation of India Limited for construction of 117 nos. of toilet blocks under Swachh Bharat Abhiyaan in Distt. Ghazipur. The total cost of the project is approx. Rs. 2.92 crore (including PMC fees).



After the close of financial year, IrconISL has been appointed as the PMC for construction of Barrack accommodation for security personnel at 07 Land Ports by Land Ports Authority of India (LPAI). The estimated value of project is approx. Rs. 83 crores (including PMC fees).

After the close of financial year, your company secured a new project of Project Management Consultancy work for construction of Navodaya Vidyalaya at JNV, Sabarkantha (Gujarat) from Navodaya Vidyalaya Samiti (an autonomous organization under Ministry of HRD) on 28th July 2017. The total cost of the project is Rs. 16.18 crores including IrconISL's PMC fees.

- C. IrconISL is also undertaking the work of "Supply of Manpower" for Sri Lanka and Malaysia Projects of Ircon and agreements for the same had also been signed with Ircon. As on 31st March 2017, 05 employees are working in Malaysia. During the year 2016-17, all the employees were repatriated from Sri Lanka.

Manpower supply for Sri Lanka Project were demobilized on 31.03.2017 and the Sri Lanka branch of IrconISL is in the process of winding up.

- D. Your Company is also undertaking the work of "Leasing of Machinery" to Ircon for its Sri Lanka Project. IrconISL had successfully deployed 'Duomatic Tamping Machine' for Ircon's project in Sri Lanka on 22.11.2013. Machine has been deployed for doing the maintenance work of tracks already built by Ircon. The agreement for the same was extended up to 31.03.2017. After the close of the year, machine has been returned to India on 30th June 2017 and has been stationed at Valsad (Gujarat) and is ready for further operations.



Apart from this, the orders for selling old track machines (9 Nos.) to IrconISL had been issued by Railway Board. Out of which 3 machines have been purchased from Western Railways and Western Central Railway (WCR) and they are also placed at Valsad (Gujarat). After carrying out periodical overhauling & maintenance of the machines, these shall be deployed in India with third parties.

- E. The holding Company, Ircon International Limited handed over EMP (Environment Management Planning) Lab at Jammu to IrconISL. The laboratory was made operational in the last week of November 2013. Various Tests pertaining to Water, Air and Noise are being conducted on regular basis as per the requirement of the Project Authorities. The EMP Lab of the Company has got accreditation from **National Accreditation Board for Testing and Calibration Laboratories (NABL) & Recognized by Jammu & Kashmir Pollution Control Board**. Now the lab is fully operative for conducting various tests for the prospective clients and has also started marketing efforts to secure the business. **The J&K State Pollution Control Board has also empaneled the Lab for experiment & testing which includes collection and analysis of water and air samples as per NABL approval.**

Environment Management Planning Laboratory:-



FINANCIAL HIGHLIGHTS

Important indicators of financial performance of the Company for the year ended 31.03.2017 are given below:

Financial Performance Indicators

		(Rs. in crores)	
	Particulars	2016-17	2015-16
1	Authorized Share Capital	65.00	65.00
2	Subscribed & Paid-up Share Capital	65.00	65.00
3	Reserves & Surplus	49.70	37.34
4	Capital Work-in-progress	2.00	-
5	Total Revenue	47.24	81.87
6	Revenue from Operations	40.98	74.05
7	Profit before tax	20.81	22.61
8	Profit after tax	12.36	14.22
9	Net worth	114.70	102.33
10	Earnings Per Share (Rs.)	1.90	2.32

Revenue from Operations

The Revenue from operations decreased from Rs. 74.05 crores to Rs. 40.98 crores. Profit after tax also reduced from Rs.14.22 crores to Rs.12.36 crores. The rising turnover in the financial year 2015-16 is mainly due to the CSR works of construction of toilet blocks under Swachh Bharat Abhiyaan as PMC on cost plus basis for various PSUs. Thus, the revenue booked during the financial year 2015-16 under these projects was Rs. 44.73 crores while in 2016-17, it is Rs. 5.54 crores only. Hence, in real terms and in comparison, to previous financial years, the revenue from operations has increased.

(Rs. in crores)

S.No.	Financial Year	Revenue from Operations
1	2015-16	74.05
2	2014-15	36.39
3	2013-14	31.08
4	2012-13	12.58

Share Capital

There is no change in the Authorized Share Capital of Rs. 65 crores, and Paid-up Capital of Rs. 65 crores during the financial year 2016-17, which is 100% held by IRCON.

Unsecured Loan

The Company had not taken any loan during the year from Ircon (holding company). The Opening balance was Rs. 27.50 crores. During the year a sum of Rs. 4.58 crores have been repaid and the outstanding Loan as on 31st March 2017 stood at **Rs. 22.92 crores**. Interest paid/payable on the loan is Rs. 2.63 crores during the year.

DIVIDEND

In order to conserve the resources of the Company and to plough back profits for growth of the Company, the Board of Directors do not recommend any dividend on the Equity Shares of the Company for the FY ended March 31, 2017.

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

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

FOREIGN EXCHANGE EARNINGS & OUTGO

Net Foreign Exchange earnings are Rs. 99.60 lakhs in 2016-17 on account of Manpower supply for Sri Lanka & Malaysia Projects of Ircon, Leasing of Plant & Machinery for Sri Lanka Project of Ircon and PMC projects in Myanmar.

PERSONNEL DEVELOPMENT

Cordial and harmonious industrial relations prevailed in the Company during the year. As on 31st March 2017, the total manpower strength was 33 employees which included 05 contract employees appointed by the Company for Malaysia project of Ircon.

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

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

COMPLIANCES

Presidential Directive

No Presidential Directive was received during the year.

Memorandum of Understanding

Complying with the DPE's MoU guidelines for Central Public-Sector Enterprises (CPSEs), your Company has signed the Memorandum of Understanding with Ircon International Limited, holding company for the year 2016-17 during July 2016. On the same lines, Memorandum of Understanding with Ircon International Limited, holding company for the year 2017-18 was also signed on 07th July 2017.

Particulars of employees

There is no employee who has drawn a remuneration of Rs. 60 Lakhs or more per annum or Rs. 5 Lakhs or more per month during the year 2016-17 in terms of Section 134(3) read with rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

RIGHT TO INFORMATION ACT, 2005

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

The necessary updated information including names of Appellate Authority, Central Public Information Officer and Assistant Public Information Officer of the Company are posted on the website. Queries received are replied within the stipulated time. During the year, the Company received 5 queries out of which 3 queries were replied satisfactorily and the rest 2 were transferred to the respective authorities to which it pertained. **After the close of the year**, seven queries were received out of which one was replied within due time and the rest are pending for action after receipt of certain charges and fees to be paid by applicant.

INFORMATION TECHNOLOGY

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

EXTRACT OF ANNUAL RETURN

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

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

All contracts / arrangements / transactions entered by the Company during FY 2016-17 with related parties were either in ordinary course of business and / or at arm's length basis

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in **Form AOC - 2** of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, is appended as **Annexure "B"**.

INTEGRAL REPORTS

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

“Report on CSR Activities” provides a brief outline of the company’s CSR policy, the composition of CSR Committee, average net profit of the Company for the last three financial years, prescribed CSR expenditure, and details of CSR spent on the activities / projects undertaken during the financial year 2016-17 etc. [Annexure-C]

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

The “Corporate Governance Report” highlights the philosophy of Corporate Governance and Key Values of the Company, composition of Board of Directors and its Committees, their details including profile of directors who joined the Board during 2016-17 and other relevant disclosures. [Annexure-E]. It is supplemented by following compliance certificates:

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

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s K.K. Singh & Associates, Practicing Company Secretary, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in Form No. MR-3 from the auditor is placed at Annexure- F. The Secretarial Auditor had observed that the Company had not appointed Independent Directors on the Board. However, it is mentioned that the same has been exempted vide MCA notification dated 05.07.2017 for wholly owned subsidiary companies. Your Directors state that your company being a wholly owned subsidiary company of IRCON (holding company), the appointment of all the Directors on the Board is made by the Holding company, Accordingly, holding company has been requested to appoint requisite number of Independent Directors on the Board of IrconISL. Further Secretarial Auditor also observed that the statutory gap between two Board meetings has exceeded the time limit as per DPE guidelines though the same is in compliance with provisions of Companies Act. Also, three Audit Committee meetings were held whereas minimum four Audit committee meetings was required to held as per DPE guidelines. On this, your Directors stated that due to official exigencies of Directors, meeting could not be held and was conducted when the requisite quorum was available.

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

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

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

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

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

- a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year.
- c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The directors have prepared the annual accounts for financial year ended 31st March 2017 on a 'going concern' basis.
- e. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During April 2016 to March 2017, four meetings of the Board of Directors were held. One meeting in each of the quarters ended on June 2016, September 2016, December 2016, and March 2017.

The following Directors are holding office as on date:

1	Mr. Hitesh Khanna (DIN 02789681)	From 11.03.2011 onwards
2	Mr. A.K. Goyal (DIN 05308809)	From 01.12.2013 onwards
3	Mr. Surajit Dutta (DIN 06687032)	From 01.09.2013 onwards
4	Mr. A.K. Gupta (07263307)	From 02.03.2017 onwards

Key Managerial Personnel

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

BOARD COMMITTEES

The Company has the following Committees of the Board:

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

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

DEPOSITS

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

AUDITORS

A. Statutory Auditors

Kapoor Goyal & Co, Chartered Accountants, were appointed by the Comptroller and Auditor General of India, as Statutory Auditors, to audit the accounts of the Company for the year 2016-17.

B. Secretarial Auditor

The Board of Directors have appointed M/s K.K. Singh & Associates, Practicing Company Secretary, to conduct the Secretarial Audit of the Company for the financial year 2016-17.

C. Internal Auditors

The Board of Directors have appointed M/s Rahul Jain & Associates, Cost & Management Accountants as Internal Auditors for the year 2016-17, to conduct the Internal Audit of the Company for the financial year 2016-17.

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY (First -time adoption of Ind AS)

The Financial Statements of the Company as at and for year ended 31st March 2017 have been prepared in accordance with the **Indian Accounting Standards (Ind-AS)** notified under Section 133 of the Companies Act, 2013 as Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules 2016.

For all periods, up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31st March 2017 are company's first IND AS financial statements. (Refer Note No. 59 of Financial Statements)

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: 04.09.2017

Sd/-
(Hitesh Khanna)
Chairman
(DIN 02789681)

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl.No.	Name and Description of main products/services	NIC Code of the Product/Service	% to total turnover of the Company
1	To undertake Planning, Designing, Development, Improvement, Commissioning, Operation, Maintenance, etc. in the field of construction, infrastructure of Multi-Functional Complexes (MFCs), etc. to provide facilities and amenities to users of Indian Railway System.	45201	28.92%
2	Project Management Consultancy Projects	-	38.92%
3	Execution of CSR and Swachh Bharat Abhiyaan projects.	-	10.70%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

IV. SHARE HOLDING PATTERN:

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

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

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

ii) Share holding of Promoters

Sl. No.	Shareholder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encum-bered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encum-bered to total shares	
1.	Ircon International Limited and its 6 nominees	6,50,00,000	100%	-	6,50,00,000	100%	-	100%
	Total	6,50,00,000	100%	-	6,50,00,000	100%	-	100%

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

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

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for Increase /Decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):			NIL	
At the End of the year (or on the date of separation, if separated during the year)				

v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year				
Date wise Increase or Decrease during the year specifying the reasons for Increase / Decrease (e.g. allotment /transfer / bonus/ sweat equity etc):			NIL	
At the end of the year				

V. INDEBTEDNESS:

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

(In crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	27.50	-	27.50
ii) Interest due but not paid	-	NIL	-	NIL
iii) Interest accrued but not due	-	NIL	-	NIL
Total (i + ii + iii)	-	27.50	-	27.50
Change in Indebtedness during the financial year				
- Addition	-	NIL	-	NIL
- Reduction	-	(4.58)	-	(4.58)
Net Change	-	(4.58)	-	(4.58)
Indebtedness at the end of the financial year				
i) Principal Amount	-	22.92	-	22.92
ii) Interest due but not paid	-	NIL	-	NIL
iii) Interest accrued but not due	-	NIL	-	NIL
Total (i + ii + iii)	-	22.92	-	22.92

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager (throughout 2016-17)				Total Amount
1.	Gross salary					
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961					
c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961			NOT APPLICABLE		
2	Stock option					
3	Sweat Equity					
4	Commission					
	- as % of profit					
	- others, specify			NOT APPLICABLE		
5	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

*IronISL has 4 Part-time Directors, nominated on the Board by the holding company; do not draw any remuneration from the Company. No sitting fee is paid to the Part-time Directors.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors			
a	Fee for attending board/ committee meetings	-	-	-
b	Commission			
c	Others (please specify)			
	Total (B1)	-	-	-
2	Other Non-executive Directors			
a	Fee for attending board/ committee meetings			
b	Commission			
c	Others (please specify)			
	Total (B2)	-	-	-
	Total [B= B1 + B2]	-	-	-
	Total Managerial Remuneration [A + B]	-	-	-
	Overall ceiling as per the Act	-	-	-

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

Sl. No.	Particulars of Remuneration	Name of Company Secretary (KMP)			Total Amount
		CEO	CFO	Company Secretary	
1.	Gross salary				
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	26,50,446	10,07,920	4,05,630	
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	4,700	1,790	NIL	
c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL	
2	Stock option	NIL	NIL	NIL	
3	Sweat Equity	NIL	NIL	NIL	
4	Commission - as % of profit - others, specify	NIL	NIL	NIL	
5.	Others, please specify				
a)	Other Retirement Benefits	8,22,101	4,05,049	55,313	
b)	Performance Linked Incentive	5,05,277	1,03,501	NIL	
c)	Other Benefits	3,14,614	5,000	NIL	
	Total (A)	42,97,138	15,23,260	4,60,943	
	Ceiling as per the Act				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Place : New Delhi
Date : 04.09.2017

Sd/-
(Hitesh Khanna)
Chairman
(DIN 02789681)

Annexure -B

FORM NO. AOC-2

Form for Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in section 188 (1) of the Companies Act, 2013, including certain arms-length transactions under third proviso thereto for the financial year 2016-17 (for the period 1st April 2016 to 31st March 2017).

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

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

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
1	IRCON INTERNATIONAL LIMITED Holding Company	Office space provided by holding company, Ircon (Renewal of Lease Agreement)	Lease agreement dated 17th August 2017. Duration: 2 years from 1st April 2017.	Office space provided on lease for a period of 2 years from 01.04.2017. Rs. 1,34,238,60 p.m. charged as rent from 1st April 2017 onwards.	Not Applicable	NIL

Note: The above said transaction has been approved by the Audit Committee of Ircon/SL

Date : 04.09.2017
Place : New Delhi

For and on behalf of the Board of Directors

Sd/-
(Hitesh Khanna)
Chairman
(DIN :02789681)

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

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

During the financial year 2016-17, IrconISL has undertaken CSR activities in the field of education by providing supply and distribution of dual desk to the Govt. Schools of MCD South Delhi.

2. Composition of CSR Committee:

Presently your Company has a Board Level Committee for monitoring the CSR activities / projects. A brief background on the constitution of Committee during the year 2016-17, its mandate, along with details of meetings held during 2016-17 are given in para 6.2 of the Corporate Governance Report. Presently, the Committee is headed by Mr. A.K. Goyal, Part-time Director as Chairman; with Mr. A.K. Gupta, Part-time Director; and Mr. Surajit Dutta, Part-time Director as members.

- 3. The average net profit of the Company from Indian projects in the last three financial years i.e. 2013-14, 2014-15 and 2015-16 is Rs. 131.3 Lakhs.**
- 4. The CSR Budget for the financial year 2016-17 has been Rs. 2.63 Lakhs which is 2% of the average net profit of the Company from Indian projects in the last three financial years.**
- 5. During the year 2016-17, the Company has spent Rs. 2.71 Lakhs on CSR activities. Thus, the unspent amount for the year 2016-17 is 'NIL' and there is no carry forward to the next financial year 2017-18.**

In addition, there was no carry forward from previous i.e. 2015-16. (Refer Note No. 49 of Financial Statements)

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

Sl. No.	CSR Project or Activity identified	Sector in which the Project is covered	Location/area of the project	Proposed Amount (In Lacs)	Amount Spent (In Lacs)	Implementing Direct or through Implementing Agency
1.	Supply and Distribution of dual desk to the Govt. Schools of MCD, South Delhi	EDUCATION	GOVERNMENT SCHOOLS OF SOUTH DELHI	2.63	2.71	DIRECT



- The BoD, vide its Note for Circulation no. 44/16, dated 28.12.2016 had approved CSR Budget, for the financial year 2016-17, of Rs. 2.63 Lakhs which is 2% of the average net profit from Indian projects in the last three financial years i.e. 2013-14, 2014-15 and 2015-16.
- The CSR Committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

For and on behalf of the Board of Directors

Place: New Delhi
Date: 04.09.2017

Sd/-
(Hitesh Khanna)
Chairman
(DIN 02789681)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW

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

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

BUSINESS ENVIRONMENT

India's economic growth has been pegged at 6.5 per cent for the current fiscal, down from 7.6 per cent recorded in the last financial year, but is expected to rebound in the range of 6.75-7.5 per cent in 2017-18.

Over the medium run, the implementation of the Goods and Services Tax (GST), follow-up to demonetisation, and enacting other structural reforms should take the economy towards its potential real GDP growth of 8 per cent to 10 per cent.

The major highlights of the sectoral growth outcome of the first half of 2016-17 were: (i) moderation in industrial and non-government service sectors; (ii) the modest pick-up in agricultural growth on the back of improved monsoon; and (iii) strong growth in public administration and defence services— dampeners on and catalysts to growth almost balancing each other and producing a real Gross Value Addition (GVA) growth (7.2 per cent), quite similar to the one (7.1 per cent) in H2 2015-16.

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

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

OUTLOOK

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

Vision / Mission

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

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

Objectives

- To achieve a turnover of Rs.100 crores with an operational profit of Rs.10 crores by the end of FY 2020-21.
- To provide infrastructure Project Management Consultancy services in India and abroad.

FINANCIAL PERFORMANCE

The Company has recorded an operating revenue of Rs. 40.98 crores during the year 2016-17. The Profit before tax was Rs. 20.81 crores and Profit After Tax was Rs.12.36 crores during the year. The net worth of your Company as on 31st March 2017 stood at Rs.114.70 crores.

OPERATIONAL PERFORMANCE

IrconISL has successfully sub-leased 23 MFCs to third parties. During the year 2016-17, your Company sub-leased 3 MFCs namely Siliguri, Alleppey and Digha. The MFC at Tarapith is considered financially unviable and would be returned to RLDA.

Your Company has successfully executed consultancy project for Preparation of DPR for Construction of Two Lane Road on NH Specifications from Paletwa to India-Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar for Ministry of External Affairs (Govt. of India). IrconISL has also been appointed as Project Management Consultant by MEA for the same project having construction cost of Rs.1518 crores at PMC fee of 6%.

IrconISL has completed the consultancy project for preparation of DPR for upgradation of Rih-Tiddim Road section in Myanmar. The final DPR was submitted on 16.01.2017. IrconISL has also secured a consultancy project from Govt. of Myanmar for preparation of detailed project report for Maungtaw-Alethanyaw Road Project in Rakhine State of Myanmar. Agreement for the same was signed on 22nd August 2015.

Your Company has been appointed as the PMC for construction of Barrack accommodation for security personnel at 07 Land Ports by Land Ports Authority of India (LPAI). The estimated value of project is approx. Rs. 83 crores (including PMC fees).

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

SECTORAL PERFORMANCE

During the year 2016-17, there are five sectors of revenue namely Consultancy, Supply of Manpower, Sub- Leasing of MFCs, Leasing of Plant & Machinery and Others (Execution of CSR & Swachh Bharat Abhiyaan Projects). Consultancy projects accounted for major portion of 44.88% of total operating income for the year 2016-17. The table below shows the share of income from different sectors and its percentage contribution to total income.

(Rs. in crores)

Sectors	2016-17		2015-16		2014-15	
	Operating Income	%	Operating Income	%	Operating Income	%
Consultancy	18.39	44.88	5.11	6.90	2.98	8.19
Supply of Manpower	2.19	5.34	6.42	8.67	17.78	48.87
Sub- Leasing of MFCs	13.66	33.33	14.75	19.92	8.09	22.24
Leasing of Plant & Machinery	1.69	4.12	6.62	8.94	6.17	16.96
Others Operating revenue from Execution of CSR & Swachh Bharat Abhiyaan Projects	5.05	12.32	41.14	55.57	1.36	3.74
Total	40.98		74.04		36.38	

Segment-wise Performance

Foreign projects contributed 46.39% to total operating income and domestic projects contributed 53.61% to total operating income during the year 2016-17.

Sectors	(Rs. in crores)					
	2016-17		2015-16		2014-15	
	Total Income	%	Total Income	%	Total Income	%
Foreign	19.01	46.39	13.04	17.61	23.95	65.81
Domestic	21.97	53.61	61.00	82.39	12.44	34.19
Total	40.98		74.04		36.39	

STRENGTHS

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

RISKS AND CONCERNS

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

INTERNAL CONTROL SYSTEM

Your Company has appointed M/s Rahul Jain & Associates, Cost & Management Accountants as Internal Auditors for the year 2016-17. Internal Auditors conduct audit of the Company to test the adequacy of the internal systems and suggest continual improvements. Internal Audit reports are reviewed by the Audit Committee of the Company.

HUMAN RESOURCE

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

For and on behalf of the Board of Directors

Place: New Delhi
 Date : 04.09.2017

Sd/-
 (Hitesh Khanna)
 Chairman
 (DIN 02789681)

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

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

2. Governance Structure

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

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

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

3. Board of Directors

3.1 Composition of Board of Directors

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

Present strength of the Board of Directors is four comprising of Part-Time Directors including Part-time Chairman nominated by the holding company.

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

BOARD OF DIRECTORS (As on the date of this report)				
Directors	Whole-time / part-time / Independent	Directorships held in Companies/Body Corporates (excluding IrconISL)	Total No. of Committee memberships held (including IrconISL)	
			As Chairman	As Member other than Chairman
Mr. Hitesh Khanna (DIN 02789681)	Part-time Chairman	2 [IRCON, JCRL]	NIL	NIL
Mr. A.K. Goyal (DIN 05308809)	Part-time Director	4 [IrconPBTL, IrconSGTL, ISTPL, IrconDHHL]	5	4
Mr. Surajit Dutta (DIN 06687032)	Part-time Director	NIL	1	2
Mr. A.K. Gupta (DIN 07263307)	Part-time Director	2 [IRSDC, JCRL]	NIL	3

Notes:

- The number of Directorships is within the maximum limit of:
-20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.
- Directors are not related to each other.

3. Directors do not have any pecuniary relationships or transactions with the company.
4. The Directorships / Committee memberships are based on the latest disclosure received from Directors.
5. Committee memberships of Audit Committees, Shareholders' / Investors' Grievance Committees and CSR & Sustainable Development Committee of all Public Limited Companies have been considered.
6. The number of committee memberships of directors is within the maximum limit of ten including the permitted limit of five chairmanships under the DPE Corporate Governance Guidelines, 2010 (DPE CG Guidelines). Only Audit Committee and Shareholders' / Investors' Grievance Committee are to be counted for the said limit.
7. Full names of companies referred:
 - a) IRCON – Ircon International Limited
 - b) IrconPBTL – Ircon PB Tollway Limited
 - c) IrconSGTL – Ircon Shivpuri Guna Tollway Limited
 - d) ISTPL – Ircon-Soma Tollway Private Limited
 - e) IrconDHHL - Ircon Davangere Haveri Highway Limited
 - f) IRSDC – Indian Railway Stations Development Corporation Limited
 - g) JCRL - Jharkhand Central Railway Limited

4. Disclosures about Directors

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

5. Remuneration of Directors

Part-time directors, nominated on the Board by the holding company, do not draw any remuneration from the Company.

No sitting fee is paid to the Part-Time directors.

6. BoD Meetings and Attendance during 2016-17

The Board of Directors met 4 times during the financial year 2016-17 on 22nd June 2016, 24th August 2016, 23rd November 2016, and 15th February 2017.

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

Details of attendance of the Directors and Company Secretary during 2016-17 are given below: -

Director	No. of Board Meetings during 2016-17		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
Hitesh Khanna	4	4	YES
Anil jain (Ceased to be Director as on 31st October 2016)	2	1	YES
Surajit Dutta	4	4	YES
A.K. Goyal	4	4	YES
A.K. Gupta (appointed as Director on 02nd March 2017)	0	0	NO
Deepshikha Gupta	4	4	YES

7. COMMITTEES OF BoD

7.1 Audit Committee

7.1.1 Terms of Reference

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

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

7.1.2 Audit Committee – Composition and Attendance:

The Audit Committee of the Board, consisting of three part-time Directors of the Company, was originally constituted on 05.07.2013 with the approval of Board of Directors adopting the terms of reference as given in DPE Guidelines on Corporate Governance dated 14th May, 2010, para 4.2 to para 4.5. This has been reconstituted as and when there has been a change in part-time directors nominated by holding company.

The present composition of the committee is:

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

Ms Deepshikha Gupta, Company Secretary, is the Secretary of the Audit Committee.

The Audit Committee met 3 times during financial year 2016-17 on 22nd June 2016, 24th August 2016, and 23rd November 2016.

The attendance details are:

Member	Status	Meetings held (during their respective tenures)	Meetings attended
Surajit Dutta (throughout 2016-17)	Chairman	3	3
Anil Jain (Ceased to be Director as on 31st October 2016)	Member	2	1
A.K. Goyal (throughout 2016-17)	Member	3	3
A.K. Gupta (appointed as Director on 02nd March 2017)	Member	0	0

During 2016-17, Ms. Deepshikha Gupta, Company Secretary, is the Secretary of the Audit Committee and attended all the meetings held during the year 2016-17.

7.2 Corporate Social Responsibility (CSR) Committee

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

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

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

The present composition of the committee is:

- (i) Mr. A.K. Goyal -- Part-time Director as Chairman
- (ii) Mr. A.K. Gupta -- Part-time Director as Member
- (iii) Mr. Surajit Dutta -- Part-time Director as Member
- (iv) Deepshikha Gupta -- Company Secretary as Secretary of the Committee

The CSR Committee met once during the financial year 2016-17 on 16th December 2016.

Member	Status	Meetings held (during their respective tenures)	Meetings attended
A.K. Goyal (throughout 2016-17)	Chairman	1	1
Surajit Dutta (throughout 2016-17)	Member	1	1
A.K. Gupta (appointed as Director on 02nd March 2017)	Member	0	0

7.3 Nomination and Remuneration Committee

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

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

Terms of Reference

- To decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the limits prescribed in the DPE OM dated 26th November 2008.
- To frame and review the policies for identification/selection of persons who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- To decide the level and remuneration with respect to senior management and other employees.
- To review consider and recommend HR policy (ies) with respect to senior management and other employees.
- Any other work as may be included by Companies Act or DPE from time to time.

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

The present composition of the committee is:

- | | | |
|------------------------|----|---|
| (i) Mr. A. K. Goyal | -- | Part-time Director as Chairman |
| (ii) Mr. Surajit Dutta | -- | Part-time Director as Member |
| (iii) Mr. A.K. Gupta | -- | Part-time Director as Member |
| (iv) Deepshikha Gupta | -- | Company Secretary as Secretary of the Committee |

No meeting of committee has been held during the year 2016-17.

8. General Body Meetings

8.1 Annual General Meeting

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

AGM No.	Financial Year	Date of holding meeting	Time	Location
7th	2015-16	27th September 2016	1500 hrs	Company's Registered Office, Delhi
6th	2014-15	21st September 2015	1400 hrs	Company's Registered Office, Delhi
5th	2013-14	10th September 2014	1530 hrs	Company's Registered Office, Delhi

No special resolution was required or passed in the last three Annual General Meetings (from 2013-14 to 2015-16)

8.2 Extra-Ordinary General Meeting

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

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

B. Special Resolution:

- (a) 4th Extra-Ordinary General Meeting held on 20th February 2015
Alteration in Memorandum of Association & Articles of Association of the Company for increase in the Authorized Share Capital from '40 crores to 65 crores'.
- (b) 3rd Extra-Ordinary General Meeting held on 22nd January 2013
- (i) Alteration in Articles of Association of the Company for increase in the Authorized Share Capital from Rs.10 crores to Rs. 40 crores.
- (ii) Conversion of part of the loan to the extent of Rs. 35,10,00,000/- taken by the Company from Ircon International Limited (holding company) into fully paid-up equity shares comprising of 3,51,00,000 equity shares of Rs.10 each.
- (c) 2nd Extra-Ordinary General Meeting held on 12th March 2012
Alteration in Memorandum of Association by inserting new sub-clauses in the Object Clause III A (Main Objects).

9. Disclosures

- 9.1 During the year, there was no transaction of material nature with the directors or their relative that had potential conflict with the interest of the Company. Attention of the members is drawn to the disclosure of transactions with the related parties set out in Note no. 46 to the Financial Statements.
- 9.2 During 2016-17, there are no items of expenditure debited in books of accounts, other than for the business purposes of the Company. Also, no expenses have been incurred by the Company which are personal in nature for the Directors and Top Management except for the remuneration paid to Key Executives, which is as per Government approved pay and perks (Details disclosed in Note no. 46 forming part of the Financial Statements).
- 9.3 Administrative and office expenses as a percentage of total expenses vis-a-vis financial expenses are given below:

(Rs. in crores)

Particulars	2016-17	2015-16	Remarks
Administrative & other expenses	3.79	2.15	NIL
Bank & Other Finance Charges	2.63	3.91	Interest on Loan.
Total Expenses	26.43	59.26	NIL
Administration & other expenses/Total expenses (in %)	14.34%	3.63%	NIL
Bank & Financial Charges/Total expenses (in %)	9.95%	6.60%	

- 9.4 The Company periodically informs the Board about the risks associated with its projects in risky areas and foreign exchange management. Details pertaining to risk management have been given in Management Analysis Report under the heading 'Risks and Concerns'.
- 9.5 Question of denying access to any of the personnel to Audit Committee has not arisen so far.
- 9.6 The entire Equity Share Capital of the Company i.e. Rs 65,00,00,000 is held by Ircon International Limited, Holding Company.
- 9.7 There has been no instance of non-compliance of any statutory regulation or government guidelines nor there has been any penalties or strictures imposed on the Company on any matter related to the capital market and guidelines issued by government.
- 9.8 IrconISL has secured, based on self-evaluation, an annual score of '97.14' out of 100 which falls under 'Excellent' grade for compliance of DPE Corporate Governance Guidelines for the year 2016-17.
- 9.9 The transactions with related party are in the ordinary course of business on arms' length basis and the disclosure of the same has been made as per requirement of relevant accounting standard in notes to Financial Statement of the Company.

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

10. CEO/CFO CERTIFICATION

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and financial reporting which was placed before the Audit Committee and the Board of Directors (placed as **Annexure – “E-1”** to this Report).

11. GENERAL INFORMATION FOR SHAREHOLDERS

- **Means of communication**

The Annual Report including the audited financial statements for the year 2016-17 of IrconISL are available on the website of the Company www.irconisl.com and at the Registered Office of the company.

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

Date : 25th September 2017

Time : 16:00 Hours

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

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

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

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

- **Address for Correspondence:**

The address of registered office of the company is:

Ircon Infrastructure & Services Limited

Plot No. C-4, District Centre, Saket, New Delhi – 110 017

Contact No. : 29565666

Fax No. : 26854000

E-Mail Id : info@irconisl.com

Website : www.irconisl.com

12. Compliance on Corporate Governance

This Report duly complies with the legal requirements in respect of data that should be disclosed in a corporate governance report for the year 2016-17.

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

For and on behalf of the Board of Directors

Sd/-
(Hitesh Khanna)
Chairman
(DIN 02789681)

Place: New Delhi
Date: 04.09.2017

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
CERTIFICATION

We have reviewed the Financial Statements including the Balance Sheet, Statement of Profit & Loss, and the Cash Flow Statement for the financial year 2016-17 and to the best of our knowledge and belief:

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

Sd/-

Mr. Aniket Khetrpal
Chief Financial Officer (CFO)

Sd/-

Mr. C.K. Nayar
Chief Executive Officer (CEO)

Place: New Delhi

Dated: 04.09.2017

M.BANGIA & ASSOCIATES
Company Secretaries

Annexure – "E-2"
B-152, Dayanand Colony, Lajpat
Nagar-IV, New Delhi – 110 024
Tel : 011-4162 5462
Mobile : 98734-26246
E-mail: manojbangia.mb@gmail.com

**CERTIFICATE on COMPLIANCE
WITH THE CONDITIONS of CORPORATE GOVERNANCE
UNDER CORPORATE GOVERNANCE GUIDELINES of DPE**

To
The Members of
Ircon Infrastructure & Services Limited
New Delhi

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2017, by Ircon Infrastructure & Services Limited, a Government Company under section 2 (45) of the Companies Act, 2013 as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE):

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

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

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

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

In our opinion and to the best of our information and on the basis of our review and according to the information and explanations given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance in all material respects as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).

**FOR M.BANGIA & ASSOCIATES
COMPANY SECRETARIES**

**MANOJ BANGIA
Proprietor
CP NO. 3655**

**Place: NEW DELHI
Dated: 04/09/2017**

Annexure – F

CS **K. K. SINGH & ASSOCIATES**
COMPANY SECRETARIES

Head Office

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017

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

To,

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

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

Based on our verification of the **Ircon Infrastructure & Services Limited’s** books, papers, minute books, forms, returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, returns filed and other records maintained by **Ircon Infrastructure & Services Limited (“The Company”)** for the financial year ended on 31st March, 2017, according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contract (Regulation) Act, 1956 (SCRA) and rules made thereunder; (N.A. during the period under the review)
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; (N.A. during the period under the review)
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder; (N.A. during the period under the review)
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):- N.A.

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (N.A. during the period under the review)
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (N.A. during the period under the review)
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (N.A. during the period under the review).
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (N.A. during the period under the review)
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (N.A. during the period under the review)
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (N.A. during the period under the review)
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (N.A. during the period under the review) and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (N.A. during the period under the review).
- VI. Being a Central Public Sector Enterprises and a wholly owned subsidiary of M/s. Ircon International Limited (IRCON, a Schedule 'A', Mini Ratna – category I Company under the Ministry of Railway), we have seen the compliance under other specifically applicable Acts, Laws and Regulations to the Company, namely as follows:
- a) DPE Guidelines on Corporate Governance dated 14th May, 2010.
 - b) Respective Labour Laws to the extent applicable.

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

- I. Secretarial Standards issued by The Institute of Company Secretaries of India.
- II. The listing agreement entered into by the company with the Stock Exchanges, if applicable. (Being non listed company during the period under the review, it's not applicable).

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to us the Company has satisfactorily complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations i.e. *the preparation of Code of Conduct for Directors as required under DPE Guidelines, 2010 and the Act too is under process, the interval & the statutory gap between two Board meeting has exceeded the time limit as per DPE guidelines, 2010 though the same is in compliance of the provisions of the Act and during the year, three Audit Committee meetings were held whereas minimum four Audit committee meeting was required to be held as per DPE Guidelines.*

We further report that:

The Board of Directors (BoD) of the Company is duly constituted and changes in the composition of BoD were took place in accordance with the provisions of the Act. All four Directors are nominated by its holding company who is non executive Directors. *During the year of report, the company was required to have minimum two Independent Directors under the Act read with DPE Guidelines too, which was not there, though in current year the same has already been exempted vide MCA*

notification dated 05.07.2017 for wholly owned subsidiary companies.

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

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

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

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

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

- I. Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- II. Redemption / buy-back of securities.
- III. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.
- IV. Merger / amalgamation / reconstruction, etc.
- V. Foreign technical collaborations

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

**Date: 04.09.2017
Place: Gurugram**

**CS Arun Gupta
Sr. Partner**

**FCS No.: 8606,
CP No. : 10104**

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

ANNEXURE-A

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

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

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

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

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

**Date: 04.09.2017
Place: Gurugram**

**CS Arun Gupta
Sr. Partner
FCS No.: 8606,
CP No. : 10104**

Financial Statements (2016-17)

The image shows a person in a blue shirt reviewing financial statements. The person is holding a red pen over a document. In the background, there is a calculator and a laptop. The document has a table with numerical data.

73 583	1 852	63
62	170	455
429	75 262	3 494
3 054		138
135		95 153
293		

Financial Highlights of IaconISL for the Year ended 31st March 2017

(INR in Lakhs)

PARTICULARS	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Operating Income	4,098.22	7,404.72	3,638.76	3,107.51	1,257.52	606.42
Other Income	625.51	782.65	512.33	91.20	24.27	8.02
Total Income (1+2)	4,723.73	8,187.37	4,151.08	3,198.72	1,281.79	614.45
Expenditure	2,643.20	5,926.33	2,122.00	1,858.00	1,003.00	233.00
Operating Margin (PBDIT)	2,705.60	2,956.62	2,836.60	1,893.04	278.79	381.45
Interest Expenses	263.39	391.09	560.60	485.90	-	-
Depreciation	361.68	304.49	247.23	66.59	0.02	-
Profit Before Tax	2,080.53	2,261.04	2,028.77	1,340.55	279.15	381.59
Profit After Tax	1,236.28	1,422.28	1,092.60	766.04	191.53	255.69
Reserves & Surplus	4,969.91	3,733.64	2,311.36	1,218.76	452.72	261.18
Long Term borrowings	1,834.00	2,521.00	3,150.00	4,815.40	3,400.72	5,092.00
Share Capital	6,500.00	6,500.00	4,000.00	4,000.00	4,000.00	490.00
Share Capital Pending Allotment		-	2,500.00	-	-	
Net Worth	11,469.91	10,233.64	8,811.36	5,218.76	4,452.72	751.18

(CIN - U45400DL2009G01194792)

BALANCE SHEET

as at 31st March 2017

(Rs. in Lakhs)

Particulars	Note No.	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
I. ASSETS							
1 Non-current assets							
(a) Property, Plant and equipment	3	852.45		1,000.36		1,121.10	
(b) Capital work-in-progress	4	199.88		-		-	
(c) Investment Property		-		-		-	
(d) Other Intangible assets	5	9,192.79		9,392.20		9,431.78	
(e) Intangible assets under development	6					90.12	
(f) Financial Assets	7						
(i) Others	7.1	4.31		6.26		6.12	
(g) Deferred tax assets (Net)	8	134.85		4.41		15.15	
			10,384.28		10,403.23		10,664.27
2 Current assets							
(a) Inventories	9	0.23		0.40		-	
(b) Financial Assets	10						
(i) Trade Receivables	10.1	3,628.50		3,464.11		1,670.11	
(ii) Cash and cash equivalents	10.2	3,609.92		2,734.38		4,084.33	
(iii) Bank Balances other than (ii) above	10.3	1,936.42		1,555.39		-	
(iv) Loans	10.4	0.19		1.70		2.65	
(v) Others	10.5	222.40		128.55		39.28	
(c) Current Tax Assets (Net)	11	163.77		-		-	
(d) Other current assets	12	266.44	9,827.87	123.53	8,008.06	2.27	5,798.64
Total Assets			20,212.15		18,411.29		16,462.91
II. EQUITY AND LIABILITIES							
1 Equity							
(a) Equity Share Capital	13	6,500.00		6,500.00		4,000.00	
(b) Other Equity	14	4,969.91	11,469.91	3,733.64	10,233.64	4,811.36	8,811.36
2 Liabilities							
(i) Non-current liabilities							
(a) Financial Liabilities	15						
(i) Borrowings	15.1	1,834.00		2,521.00		3,150.00	
(b) Provisions	16	0.52		0.12		-	
(c) Deferred Tax Liabilities Net	8	1,779.38		1,149.56		703.66	
(d) Other Non-Current Liabilities	17	3,368.43	6,982.33	2,734.09	6,404.77	1,915.60	5,769.26
3 Current liabilities							
(a) Financial Liabilities	18						
(i) Borrowings	18.1	458.00		229.00		-	
(ii) Trade payables	18.2	72.92		398.02		300.76	
(ii) Other financial liabilities	18.3	724.78		642.67		871.48	
(b) Other current liabilities	19	497.04		464.00		622.32	
(c) Provisions	20	7.17		12.62		44.56	
(d) Current Tax liability (Net)	21		1,759.91	26.57	1,772.88	43.17	1,882.29
TOTAL Equity and Liabilities			20,212.15		18,411.29		16,462.91
III. See accompanying notes to the financial statements		1-59					

As per our Report of even date attached

For Kapoor Goyal & Co.

Chartered Accountants

FRN - 001370N

For and on behalf of the Board of Directors

CA Tarun Kapoor
(Partner)

M. No. 095949

Place : New Delhi

Date : 04/09/2017

Aniket Khetrupal
C.F.O.

C. K. Nayar
C.E.O.

Deepshikha Gupta
Co. Secy.

Surajit Dutta
Director
(DIN-06687032)

Hitesh Khanna
Chairman
(DIN-02789681)

(CIN - U45400DL2009G01194792)

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2017

(Rs. in Lakhs)

Particulars	Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
Revenue :			
I Revenue from operations	22	4,098.22	7,404.72
II Other income	23	625.51	782.65
III Total Income (I + II)		4,723.73	8,187.37
IV Expenses:			
Operating Expenses	24	1,327.52	4,638.90
Employee benefits expenses	25	311.91	376.54
Finance costs	26	263.39	391.09
Depreciation and amortization Expenses	27	361.68	304.49
Administrative & Other Expenses	28	378.70	215.31
Total Expenses (IV)		2,643.20	5,926.33
V Profit/loss Before exceptional items and Tax (I - IV)		2,080.53	2,261.04
VI Exceptional items			-
VII Profit/(Loss) before tax (V - VI)		2,080.53	2,261.04
VIII Tax expense:			
(1) Current tax			
- For the year	29	444.02	421.22
- For earlier years (net)		(99.15)	(39.09)
(2) Deferred tax (net)	7	499.38	456.63
Total Tax Expense (VIII)		844.25	838.76
IX Profit/(loss) for the period from continuing operation (VII - VIII)		1,236.28	1,422.28
X Profit/(loss) from discontinued operations		-	-
XI Tax Expense of discontinued operations		-	-
XII Profit/(loss) from discontinued operations (after tax) (X-XI)		-	-
XIII Profit/(loss) for the period (IX + XII)		1,236.28	1,422.28
XIV Other Comprehensive Income			
A. (i) Items that will not be reclassified to profit and loss			
(ii) Income Tax relating to Items that will not be reclassified to profit and loss			
B. (i) Items that will be reclassified to profit and loss			
(ii) Income Tax relating to Items that will be reclassified to profit and loss		-	-
Total Comprehensive Income for the period (IX + X)		1,236.28	1,422.28
XV (Comprehensive profit and other comprehensive income for the period)		1,236.28	1,422.28
XVI Earnings Per Equity Share: (For Continuing Operation)			
(1) Basic	30	1.90	2.32
(2) Diluted		1.90	2.32
XVII Earnings Per Equity Share: (For discontinuing Operation)			
(1) Basic			-
(2) Diluted			-
XVIII Earnings Per Equity Share: (For discontinued and continuing Operation)			
(1) Basic	30	1.90	2.32
(2) Diluted		1.90	2.32

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

For and on behalf of the Board of Directors

CA Tarun Kapoor
 (Partner)
 M. No. 095949
 Place : New Delhi
 Date : 04/09/2017

Aniket Khetrpal
 C.F.O.

C. K. Nayar
 C.E.O.

Deepshikha Gupta
 Co. Secy.

Surajit Dutta
 Director
 (DIN-06687032)

Hitesh Khanna
 Chairman
 (DIN-02789681)

(CIN - U45400DL2009G01194792)

Statement of Cash Flow

For the year ended on 31st March 2017

(Rs. in Lakhs)

Particulars		For the year ended 31st March 2017	For the year ended 31st March 2016
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before taxation		2,080.53	2,261.04
Adjustment for :			
Depreciation, amortization and impairment		361.68	304.49
Loss / (Profit) on sale of assets(net)		0.06	-
Finance costs		263.39	391.09
Interest Income		-	-
Liabilities / provisions no longer required written back		-	4.86
Operating Profit before working capital changes	(1)	2,705.65	2,961.48
Adjustment for :			
Decrease / (Increase) in Inventories		0.18	(0.40)
Decrease / (Increase) in Trade Receivables		(164.39)	(1,794.00)
Decrease / (Increase) in Bank Balance other than those taken to CCE		(381.03)	(1,555.39)
Decrease / (Increase) in Loans		1.51	0.95
Decrease / (Increase) in Other Financial Assets		(93.85)	(89.27)
Decrease / (Increase) in other Non-Current Assets		(142.91)	(121.26)
			-
Decrease / (Increase) in Other Non current Financial Assets		1.95	(0.13)
Decrease / (Increase) in Other Non Current Assets		-	-
(Decrease) / Increase in Other Non-current Liability		634.35	818.49
(Decrease) / Increase in Provisions		0.40	0.12
(Decrease) / Increase in Trade Payables		(325.10)	97.26
(Decrease) / Increase in Other Financial Liability		82.10	(228.81)
(Decrease) / Increase in Other Current Liability		33.04	(158.32)
(Decrease) / Increase in Provisions		(5.45)	(36.79)
	(2)	(359.20)	(3,067.56)
Cash generated from operation	(1 + 2)	2,346.45	(106.08)
Income Tax Paid		(535.20)	(398.74)
NET CASH FROM OPERATING ACTIVITIES	(A)	1,811.25	(504.82)

CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditure on PPE, Intangible Assets & Intangible under Development		(214.60)	(54.05)
Sale of Fixed Asset		0.29	-
Capital Advances given during the year		-	-
Interest Received			
NET CASH FROM INVESTING ACTIVITIES	(B)	(214.31)	(54.05)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceed from issue of share capital		-	-
Proceeds from Borrowings		(458.00)	(400.00)
Finance Cost		(263.39)	(391.09)
Dividend (including Dividend Distribution Tax) paid			
NET CASH FROM FINANCING ACTIVITIES	(C)	(721.39)	(791.09)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	(A + B + C)	875.55	(1,349.95)
CASH AND CASH EQUIVALENT (OPENING)	(E)	2,734.38	4,084.33
Cash Balances			-
Balance with Banks			
Current Accounts		193.99	38.03
– Flexi Accounts		341.86	568.49
Short term investments		2,198.53	3,477.81
CASH AND CASH EQUIVALENT (CLOSING)	(F)	3,609.93	2,734.38
Cash Balances			-
Balance with Banks			
Current Accounts		716.26	193.99
– Flexi Accounts		1,330.04	341.86
Short term investments		1,563.63	2,198.53
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENT	(F - E)	875.55	(1,349.95)

As per our Report of even date attached

For and on behalf of the Board of Directors

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

CA Tarun Kapoor
(Partner)
M. No. 095949

Aniket Khetrpal
C.F.O.

C. K. Nayar
C.E.O.

Deepshikha Gupta
Co. Secy.

Surajit Dutta
Director
(DIN-06687032)

Hitesh Khanna
Chairman
(DIN-02789681)

Place : New Delhi
Date : 04/09/2017

(CIN - U45400DL2009G01194792)

Statement of changes in equity for the period ended 31-March-2017

A. Equity share capital

(Rs. in Lakhs)

Particulars	Amount
Balance as at March 31, 2016	6,500.00
Add: Shares issued during the year	-
Balance as at March 31, 2017	6,500.00

B. Other Equity

Particulars	Reserve & Surplus			
	Share application money pending allotment	General Reserve	Retained Earnings	Total
Balance as at April 1, 2016	-	3,733.64	-	3,733.64
Changes in accounting policy or prior period errors				
Restated balance at the beginning of the reporting period	-	3,733.64	-	3,733.64
Profit for the year	-	-	1,236.28	1,236.28
OCI	-	-	-	-
Total Comprehensive Income	-	-	1,236.28	1,236.28
Transfer to General Reserve	-	-	(1,236.28)	(1,236.28)
Addition during the year	-	1,236.28	-	1,236.28
Refunded/issued during the year	-	-	-	-
Balance as at March 31, 2017	-	4,969.91	-	4,969.91

As per our Report of even date attached

For and on behalf of the Board of Directors

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

CA Tarun Kapoor
(Partner)
M. No. 095949

Aniket Khetrapal
C.F.O.

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Co. Secy.

Surajit Dutta
Director
(DIN-06687032)

Hitesh Khanna
Chairman
(DIN-02789681)

Place : New Delhi
Date : 04/09/2017

(CIN - U45400DL2009G01194792)

Statement of changes in equity for the period

ended 31-March-2016

A. Equity share capital

(Rs. in Lakhs)

Particulars	Amount
Balance as at April 01, 2015	4,000.00
Add: Shares issued during the year	2,500.00
Balance as at March 31, 2016	6,500.00

B. Other Equity

Particulars	Reserve & Surplus			
	Share application money pending allotment	General Reserve	Retained Earnings	Total
Balance as at April 01, 2015	2,500.00	2,311.36	-	4,811.36
Changes in accounting policy or prior period errors			-	-
Restated balance at the beginning of the reporting period	2,500.00	2,311.36	-	4,811.36
Profit for the year	-	-	1,422.28	1,422.28
OCI	-	-	-	-
Total Comprehensive Income	-	-	1,422.28	1,422.28
Transfer to General Reserve	-	-	(1,422.28)	(1,422.28)
Addition during the year	-	1,422.28	-	1,422.28
Refunded/issued during the year	(2,500.00)	-	-	(2,500.00)
Balance as at March 31, 2016	-	3,733.64	-	3,733.64

As per our Report of even date attached

For and on behalf of the Board of Directors

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

CA Tarun Kapoor
(Partner)
M. No. 095949

Aniket Khetrpal
C.F.O.

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Co. Secy.

Surajit Dutta
Director
(DIN-06687032)

Hitesh Khanna
Chairman
(DIN-02789681)

Place : New Delhi
Date : 04/09/2017

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR THE FINANCIAL YEAR 2016-2017

Note 1: Corporate Information

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

Note 2: Summary of Significant Policies

Basis of Preparation

2.1 Statement of Compliance

The financial statements as at and for year ended March 31, 2017 have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under section 133 of the companies Act, 2013 as Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian accounting standards) Amendment Rules 2016.

For all periods up to and including the year ended 31 March 2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are company's first IND AS financial statements.

Refer to separate note no 59 for information on how the company has adopted Ind AS

2.2 Basis of Measurement

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

- i) Defined benefit plans
- ii) Certain financial assets and liabilities measured at fair value. (Refer note no 54 for items classified at fair value).

2.3 Use of estimates and judgment

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

Critical accounting estimates and judgements:

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

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

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

2.4 Statement of Cash flow

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

2.5 Foreign Currency Transactions

i) Functional and presentation currency

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

(ii) Foreign Currency Transactions

(a) Transactions of Indian operations:

- i) All foreign currency transactions are translated into functional Currency at the rate prevalent on the date of transaction.
- ii) Property, plant and Equipment, intangibles, investment property, prepaid expenses, inventory and non-monetary items are translated at the rate on the date of initial transaction.
- iii) Monetary items (Trade receivables, trade payables, Cash and Bank, Loans and Borrowings and other receivables & payables) and contingent assets & liabilities denominated in foreign currency are translated at the prevailing closing buying rate at each reporting date.
- iv) Foreign Exchange Gains or Losses in respect of above transactions are recognised in Statement of profit and loss.

(b) Transactions of Foreign operations:

- i) All foreign currency transactions are translated into functional Currency at the rate prevalent on the date of transaction.
- ii) Property, plant and Equipment, intangibles, prepaid expenses, inventory and non-monetary items are translated at the rate on the date of initial transaction.
- iii) Monetary items (Trade receivables, trade payables, Cash and Bank, Loans and Borrowings and other receivables & payables) and contingent assets & liabilities denominated in foreign currency are translated at the prevailing closing buying rate at each reporting date.
- iv) Foreign Exchange Gain or Losses in respect of above transactions are recognised in Statement of profit and loss account.

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

- i) Assets/Liabilities - Closing Exchange Rate on the reporting date
- ii) Income/Expenses – Average exchange rate during the year.
- iii) Exchange differences on translation of functional currency to presentation currency are – recognised in OCI (Other comprehensive income)
- iv) On disposal of Foreign Operation (on realization of complete receivables from client) transfer the component of OCI (Other comprehensive income) to profit or loss relating to respective foreign operation.

2.6 Property, plant and equipment

- (a) Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.
- (b) The machinery spares which can be used only in connection with an item of Property, Plant and Equipment and whose use is expected to be irregular are capitalized & depreciated/amortized over the balance life of such Property, Plant and Equipment.
- (c) Cost of asset includes the following
 - i. Cost directly attributable to the acquisition of the assets
 - ii. Incidental expenditure during the construction period is capitalized as part of the indirect construction cost to the extent the expenditure is directly related to construction or is incidental thereto.
 - iii. Present value of the estimated costs of dismantling & removing the items & restoring the site on which it is located if recognition criteria are met.
- (d) Cost of replacement, major inspection, repair of significant parts and borrowing costs for long-term construction projects are capitalised if the recognition criteria are met.
- (e) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising

on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

- (f) Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work- in-progress. Expenses directly attributable to project, prior to commencement of commercial operation, are considered as project development expenditure and shown under Capital Work-in-Progress.

Transition to Ind AS

On transition to Ind AS. The company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

2.7 Intangible Assets

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

Transition to Ind AS

On transition to Ind AS the company has elected to continue with the carrying value of all of its Intangible assets recognised as at 1st April 2015 measured as per the previous GAAP and use that carrying value as deemed cost of intangible assets.

2.8 Investment properties

- (a) Investment property comprises completed property, property under construction and property held under a finance lease that is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.
- (b) Investment Properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.
- (c) The company depreciates building component of investment property over the useful life from the date of original purchase.
- (d) Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.9 Investments in subsidiaries, and Joint Arrangements

a) Investment in Subsidiaries

Investment in subsidiaries are accounted for at cost

b) Joint Arrangement

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

i) Joint Operations

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

ii) Joint Venture

(a) Unincorporated joint ventures:

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

(b) Incorporated joint ventures:

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

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

2.10 Inventories

(a) Construction Work in Progress

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

(b) Others

- 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.
- 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.
- Inventories are valued at lower of the cost arrived at on First in First out (FIFO) basis and net realizable value.
- Loose tools are expensed in the year of purchase.

2.11 Cash and Cash Equivalents

Cash and cash equivalent comprise of cash at bank, cash in hand and short term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

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

2.12 Provisions

(a) Provision for Maintenance

- i) In Cost Plus contract, no provision for maintenance is required to be made where cost is reimbursable.
- ii) Item Rate and Lump Sum turnkey contracts, provision is made for maintenance to cover company's liability during defect liability period keeping into consideration the contractual obligations, the obligations of the sub- contractors, operating turnover and other relevant factors.
- iii) Provision for unforeseen expenditure during design guarantee period is made based on risk perception of management in each contract assessed at the end of each financial year. This shall, however, be subject to a minimum of Rs. 50 lakhs and maximum of the amount of Design guarantee specified in Contract Agreement with the Client.

(b) Provision for Demobilisation

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

(c) Others

Provision is recognised when:

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

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

Provisions are reviewed at each Balance Sheet date.

d) Discounting of Provisions

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

2.13 Revenue Recognition

(a) Contract Revenue Recognition

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

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

- ii) In fixed price contracts, revenue is recognized using the percentage of completion method. The percentage of completion is determined as a proportion of cost incurred of work certified up to the reporting date to the total estimated cost of the contract.
 - iii) Full provision is made for any loss in the period in which it is foreseen.
Claims/Arbitration Awards (including interest thereon) which are granted in favour of the Company, being in the nature of additional compensation under the terms of the contract are accounted as contract revenue when they are granted and where it is certain to realize the collection of such claims/awards.
 - iv) Revenue does not include Sales Tax/VAT/WCT/Service Tax etc.
- (b) Other Revenue Recognition**
- i) Dividend income is recognized when the right to receive payment is established.
 - ii) Interest income is recognized on a time proportion basis, taking into account the amount outstanding, at the interest rate applicable using effective interest rate method.

2.14 Leases

(a) Company as a lessee

Finance Lease:-

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

Operating Lease: -

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

(b) Company as a lessor

Finance Lease:-

- (i) Is recognised when substantially all of the risks and rewards of ownership transfer from the company to the lessee.
- (ii) Payment due are recorded as receivables at the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease

Operating Lease:-

- (i) Are the leases in which the company does not transfer substantially all the risks and rewards of ownership to the lessee.
- (ii) incomes are recognized as income in the statement of profit & loss on straight-line basis over the lease term except where lease payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

2.15 Liquidated Damages and Escalations

- i. Liquidated damages/penalties (LD) due to delays arising out of the contractual obligations and provisionally withheld from contractors/under dispute are adjusted against contract cost only on final decision in this regard. However, LD recovered/withheld by client is accounted for on recovery/withholding & adjusted against contract revenue. Possible Liquidated Damages in cases where extension is granted by the client subject to their right for levy of penalty is shown as contingent liability.
- ii. Escalation receivable/payable is accounted for as per the provisions of the contract. Escalation receivable but not certified before close of project accounts is included in work- in- progress.

2.16 Research and development Expenses

- i) Research costs are expensed as incurred.
- ii) Development expenditures on an individual project are recognised as an intangible asset when the company can demonstrate all the followings:
 - The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
 - Its intention to complete and its ability and intention to use or sell the asset
 - How the asset will generate future economic benefits
 - The availability of resources to complete the asset
 - The ability to measure reliably the expenditure during development

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

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

2.17 Mobilisation Expenses

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

2.18 Depreciation & Amortisation

- (a) Depreciation on Property, plant and Equipment is provided on Straight Line basis (SLM) over the useful life of the assets as specified in Schedule II of the Companies Act, 2013.
- (b) Each part of an item of Property, Plant and Equipment is depreciated separately if the cost of part is significant in relation to the total cost of the item and useful life of that part is different from the useful life of remaining asset.
- (c) The estimated useful life of assets for current and comparative period of significant items of property plant and equipment are as follows:

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

- (d) Leasehold land and improvements are amortized over the lower of estimated useful life and lease term.
- (e) Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.
- (f) Property plant and equipment acquired during the year, individually costing up to Rs. 5000/- are fully depreciated, by keeping Re. 1 as token value for identification.

Amortization of Intangible Assets

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

The estimated useful life of intangibles are as follows:

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

- (b) Amortisation methods, useful lives and residual values are reviewed at each reporting date.
- (c) Software cost up to Rs. 25 Lakhs in each case is fully amortised in the year of purchase, by keeping Rs. 1 as token value for identification.

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

2.19 Impairment of non-financial assets

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

2.20 Borrowing Cost

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

2.21 Employment Benefits

a) Short Term Employee Benefits

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

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

- i. Retirement benefits in the form of provident fund and pension fund are defined contribution schemes. The contributions to the provident fund trust and pension trust are charged to the statement to the Profit and loss for the year when the contributions are due
- ii. Provision for long term Leave Encashment, Gratuity & Other Retirement Benefits is made based on actuarial valuation at the year end.
- iii. Actuarial gains or losses are recognized in other comprehensive income.
- iv. Gains and losses through remeasurment of the net defined benefit liability (Asset) are recognized in other comprehensive income.

Others:

- i. The persons working for the company are on nomination/secondment basis and are on the rolls of its Holding company. Provisions for leave encashment, gratuity and other retirement benefits is made by its holding company based on actuarial valuation at the year end.
- ii. All other provisions of Retirement Benefits of the employees on nomination/ secondment basis is made by its Holding Company.
- iii. Provision for leave salary only is made in the books of accounts, for the contract employee posted at Sri Lanka Branch as no other retirement benefit are payable to them.

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

2.22 Taxes

a) Current income tax

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

b) Deferred tax

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

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

2.23 Operating Segment

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

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

2.24 Earnings per Share

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

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

2.25 Contingent Liabilities and contingent Assets

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

2.26 Fair Value Measurement

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization

(based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

2.27 Dividend to equity holders

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

2.28 Financial instruments

A. Initial recognition and measurement

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

B. Subsequent measurement

Financial Assets

Financial assets are classified in following categories:

a) Debt instruments at Amortised Cost

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

- (i) The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- (ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

- The asset's contractual cash flows represent solely payment of principal and interest (SPPI).

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

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

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

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

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

Financial liabilities

a) Financial liabilities at Amortised Cost

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

b) Financial liabilities at FVTPL

The company has not designated any financial liabilities at FVTPL.

d) De-recognition

Financial Asset

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

Financial Liability

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

e) Impairment of financial assets:

Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade

receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

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

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

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

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

2.30 Standard issued but not yet effective for the Financial Year 2016-17

(a) IND AS 115 Revenue from Contracts with Customers

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

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

3. Property, Plant and Equipment

(Rs. in Lakhs)

Particulars	Plant & Machinery	Computers	Furniture, Fixtures, Furnishings	Air Conditioners	Electric Appliance	Office Equipment's	Laboratory Equipment's	Vehicle	Total
<u>Cost or valuation</u>									
At 1 April 2015	1,266.75	4.31	1.02	-	-	0.24	-	-	1,272.31
Additions	5.31	2.67	1.65	0.83	0.50	0.24	-	-	11.21
Disposals/Adjustments									
At 31 March 2016	1,272.06	6.98	2.68	0.83	0.50	0.47	-	-	1,283.52
Additions	7.28	2.67	0.20	0.27	-	0.56	2.24	1.50	14.71
Disposals/Adjustments	-	0.40	0.15	-	-	-	-	-	0.55
At 31 March 2017	1,279.34	9.25	2.73	1.10	0.50	1.03	2.24	1.50	1,297.69
<u>Accumulated Depreciation and impairment</u>									
At 1 April 2015	149.54	1.17	0.46	-	-	0.03	-	-	151.21
Depreciation charge for the year	129.69	1.76	0.21	0.14	0.08	0.07	-	-	131.95
Impairment	-	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	-	-	-	-	-	-	-	-
At 31 March 2016	279.23	2.94	0.67	0.14	0.08	0.10	-	-	283.16
Depreciation charge for the year	158.85	2.51	0.20	0.20	0.11	0.18	0.20	0.04	162.28
Impairment	-	-	-	-	-	-	-	-	-
Disposals/Adjustments	-	0.19	0.01	-	-	-	-	-	0.20
At 31 March 2017	438.08	5.26	0.86	0.33	0.19	0.28	0.20	0.04	445.24
<u>Net book value</u>									
At 31 March 2017	841.26	3.99	1.87	0.76	0.31	0.75	2.05	1.46	852.45
At 31 March 2016	992.83	4.04	2.00	0.69	0.42	0.37	-	-	1,000.36
At 1 April 2015	1,117.20	3.13	0.56	-	-	0.21	-	-	1,121.10

Note No : 3.1 Company has adopted to continue with carrying value of its tangible assets as recognized in the financial statements as at the date of transition to Ind AS measured as per previous GAAP.

Non - Current Assets

4 Capital Work in Progress

(Rs. in Lakhs)

Particulars	Amount
Opening balance at 1 April 2015	-
Additions (subsequent expenditure)	-
Less transferred to Intangible asset	-
Adjustments	-
Closing balance at 31 March 2016	-
Additions (subsequent expenditure)	199.88
Adjustments	-
Closing balance at 31 March 2017	199.88
Net Book Value	
at 31 March 2017	199.88
at 31 March 2016	-
at 1 April 2015	-

* Details of Intangible Assets under Development	Opening Balance as at 1st April, 2016	Additions during the year 2016-17	Capitalisation of CWIP into Intangible assets (Lease Rights)	Balance as at 31st March, 2017
Capital Work In Progress (Track Machines)	-	-	-	-
Track Machine CSM 906		63.80		63.80
Track Machine CSM 911		63.80		63.80
Track Machine UNIMAT 8255		60.84		60.84
Track Machine Expenses		11.44		11.44
TOTAL	-	199.88	-	199.88

5 Intangible Assets

(Rs. in Lakhs)

Particulars	Lease Right
Opening balance at 1 April 2015	9,594.42
Addition during the year	132.96
Adjustment	-
Closing balance at 31 March 2016	9,727.37
Addition during the year	-
Adjustment	-
Closing balance at 31 March 2017	9,727.37
Amortization and Impairment	
Opening balance at 1 April 2015	162.64
Amortisation	172.54
Impairment	-
Adjustment	-
Closing balance at 31 March 2016	335.17
Amortisation	199.41
Impairment	-
Adjustment	-
Closing balance at 31 March 2017	534.58
Net book value	
At 31 March 2017	9,192.79
At 31 March 2016	9,392.20
At 1 April 2015	9,431.78

1. Lease Rights :- The company has entered into an agreement with RLDA (Rail Land Development Authority) to build Multi Functional Complexes (MFCs) at various railway stations. The Land belongs to Railways and the company has construct the buildings on the same and having lease rights (commercial Rights) of 45 years from the date of commencement of MFC.
2. The Lease Rights has been amortised over the lease period from the date in which the concerned project comes into commercial operations on prorata basis. The amount amortised during the year **Rs.199.41 lakhs** (F.Y 2015-16 Rs. 172.54 Lakhs)
3. Company has elected to continue with carrying value of its Intangible assets as recognized in the financial statements as at the date of transition to Ind AS measured as per previous GAAP.

Non - Current Assets

6 Intangible Assets Under Development*

(Rs. in Lakhs)

Particulars	Amount
Opening balance at 1 April 2015	90.12
Additions (subsequent expenditure)	42.84
Less transferred to Intangible asset	(132.96)
Adjustments	-
Closing balance at 31 March 2016	-
Additions (subsequent expenditure)	-
Adjustments	-
Closing balance at 31 March 2017	-
Net Book Value	
at 31 March 2017	-
at 31 March 2016	-
at 1 April 2015	90.12

F.Y 2015-16

* Details of Intangible Assets under Development	Opening Balance as at 1st April, 2015	Additions during the year 2015-16	Capitalization of CWIP into Intangible assets (Lease Rights)	Balance as at 31st March, 2016
1- Multi-Functional Complex (Jammu Project)	90.12	7.20	(97.32)	-
2- Multi Functional Complex - Jammu Project (Rail Yatri Niwas)		35.64	(35.64)	-

F.Y 2016-17

* Details of Intangible Assets under Development	Opening Balance as at 1st April, 2016	Additions during the year 2016-17	Capitalization of CWIP into Intangible assets (Lease Rights)	Balance as at 31st March, 2017
1- Multi-Functional Complex (Jammu Project)	-	-	-	-
2- Multi Functional Complex - Jammu Project (Rail Yatri Niwas)	-	-	-	-

7 Non - Current Financial Assets

7.1 Others

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Secured, considered good			
Interest Accrued on Staff Loans & Advances	0.72	2.68	2.54
Unsecured Considered good			
Security Deposits			
- With Statutory Departments -	3.58	3.58	3.58
Total - Others	4.31	6.26	6.12

8 Deferred Tax

The Balances comprises temporary difference attributable

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Deferred tax liability			
Property, plant & equipment and intangible assets	1,779.38	1,149.56	703.66
Total deferred tax liability	1,779.38	1,149.56	703.66

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Deferred tax Assets			
Gratuity	0.18	0.04	
Leave Salary	2.02	4.37	15.15
PRP	0.46	-	-
Demobilizing	46.72	-	-
Other Expenses	85.48	-	-
Total deferred tax asset	134.85	4.41	15.15

Net deferred Tax (Asset)/Liability	1,644.53	1,145.15	688.52
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Movement in deferred tax liability/ (asset)

(Rs. in lakhs)

Particulars	PPE (Property, Plant & Equipments)	Employee Benefit obligation	Total
Opening balance as at 1 April 2015	703.66	(15.15)	688.52
Charged/(credited) during 2015-16			
To Profit & Loss	445.89	10.73	456.63
To other comprehensive income	-	-	-
Closing balance as at 31 March 2016	1,149.56	(4.41)	1,145.15
Charged/(credited) during 2016-17			
To Profit & Loss	629.82	(130.44)	499.38
To other comprehensive income	-	-	-
Closing balance as at 31 March 2017	1,779.38	(134.85)	1,644.53

Current Assets

9 Inventories

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Material and stores			
- In Hand	0.23	0.40	-
- With Third Parties	-	-	-
- In Transit	-	-	-
Work In progress	-	-	-
Total inventories at the lower of cost and net realisable value	0.23	0.40	-

Current Assets

10 Financial Assets

10.1 Trade Receivables

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Trade receivables*	3,628.50	3,464.11	1,670.11
Total	3,628.50	3,464.11	1,670.11

* Break-up for Trade Receivables

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Secured, considered good			
(a) From Related Party Ircon International Limited	649.36	941.99	725.57
(b) From Others	2,979.14	2,522.13	944.54
Unsecured, considered good	-	-	-
Doubtful	-	-	-
	3,628.50	3,464.11	1,670.11
Allowances for Doubtful receivables	-	-	-
Total Trade Receivables	3,628.50	3,464.11	1,670.11

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

Current Assets

10 Financial Assets

10.2 Cash and Cash equivalents

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Cash in hand	-	-	-
Cheques/drafts in hand	-	-	-
Balances with banks:			
– On current accounts	716.26	193.99	38.03
– Flexi Accounts	1,330.04	341.86	568.49
– Deposits with original maturity of less than three months	1,563.63	2,198.53	1,977.81
– Remittance in Transit	-	-	1,500.00
Total	3,609.92	2,734.38	4,084.33

10.3 Bank Balances other than Cash and Cash equivalents

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Other Bank Balances			
– Deposits with original maturity of more than 3 months but less than 12 months	1,936.42	1,555.39	-
Total	1,936.42	1,555.39	-

10.4 Loans

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
A. Secured, considered good			
Staff Loans and Advances	-	0.99	2.32
B. Unsecured, considered good			
Staff Loans and Advances	0.19	0.71	0.33
Total	0.19	1.70	2.65

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

10.5 Other Financial Assets

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Secured, Considered good			
Interest Accrued on Staff Loans & Advances	0.84	-	-
Unsecured, Considered good			
Retention Money with client	72.42	24.02	28.91
Interest Accrued on FDR's with Bank	149.15	104.53	10.37
Total	222.40	128.55	39.28

Current Assets

11 Current Tax

Current Tax Assets

(Rs. in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Income Tax Refundable	163.77	-	-
Total - Others	163.77	-	-

12 Other Current Assets

(Rs. in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
a) Others			
Fair valuation adjustment- Financial Assets			
Service Tax (Net)	-	7.83	0.38
Prepaid Expense	11.85	0.36	1.88
Billable Revenue	253.54	115.34	-
Interest Paid in Advance			
Others	-	-	-
Related Party	1.05	-	-
Total - Others	266.44	123.53	2.27

13 Equity Share capital

(Rs. in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	1 April 2015
Authorized share capital 6,50,00,000 Equity shares of Rs.10 each-fully paid	6,500.00	6,500.00	6,500.00
Total	6,500.00	6,500.00	6,500.00
Issued/Subscribed and Paid up Capital 6,50,00,000 Equity shares of Rs.10 each-fully paid (as at 31.03.2017 6,50,00,000 Equity shares of Rs.10 each as at 31.03.2016 6,50,00,000 Equity shares of Rs.10 each as at 01.04.2015 4,00,00,000 Equity shares of Rs.10 each)	6,500.00	6,500.00	4,000.00
Total	6,500.00	6,500.00	4,000.00

Details of shareholders holding more than 5% in the company

(Rs. in Lakhs)

Name of the shareholder	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	No in Lakhs	% holding in the class	No in Lakhs	% holding in the class	No in Lakhs	% holding in the class
Ircon International Limited- Holding Company (IRCON)	650.00	100.00%	650.00	100.00%	400.00	100.00%
Total	650.00	100.00%	650.00	100.00%	400.00	100.00%

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

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

Reconciliation of the number of equity shares and share capital

(Rs. in Lakhs)

Particulars	As at 31 March 2017		As at 31 March 2016	
	No of shares	Amount	No of shares	Amount
Issued/Subscribed and Paid up equity Capital outstanding at the beginning of the year	650.00	6,500.00	400.00	4,000.00
Add: Shares Issued during the year	-	-	250.00	2,500.00
Issued/Subscribed and Paid up equity Capital outstanding at the end of the year	650.00	6,500.00	650.00	6,500.00

NOTE:

- 1) The company has only one class of Equity having a par value Rs. 10.00 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding
- 2) During the year 2015-16, total 250 Lakh Nos. of Equity shares issued to Holding company on 25th May 2016.

14 Other Equity

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Retained Earnings	-	-	-
General Reserve	4,969.91	3,733.64	2,311.36
Share Application Money Pending for Allotment	-	-	2,500.00
Closing Balance	4,969.91	3,733.64	4,811.36

14.1 Retained Earnings

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016
Opening Balance	-	-
Add: Profit transferred from Statement of Profit & Loss	1,236.28	1,422.28
Less: Transfer to General reserve	1,236.28	1,422.28
Closing Balance	-	-

The company has not declared any dividend during the year.

14.2 General Reserve

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016
Opening Balance	3,733.64	2,311.36
Add: Transferred from Statement of Profit & Loss	1,236.28	1,422.28
Closing Balance	4,969.91	3,733.64

14.3 Share Application Money Pending for Allotment

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016
Opening Balance	-	2,500.00
Less: Share issued during the year	-	2,500.00
Closing Balance	-	-

Non - Current Liabilities

15 Financial Liabilities

15.1 Borrowings

(Rs. in Lakhs)

Particular	31 March 2017	31 March 2016	31 March 2015
Unsecured Loans			
Loan From Related Party - Ircon International Ltd.	1,834.00	2,521.00	3,150.00
Total	1,834.00	2,521.00	3,150.00

Non - Current Liabilities

16 Provisions

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Provisions for employee benefits:			
i) Gratuity	0.52	0.12	-
Total	0.52	0.12	-

17 Other Non-Current Liability

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
" - Upfront Amount from Sub - leasing of MFCs "	3,368.43	2,734.09	1,915.60
Total	3,368.43	2,734.09	1,915.60

Current Liabilities

18 Financial Liabilities

18.1 Borrowings

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Unsecured Loan - Related Party			
- Ircon International Limited	458.00	229.00	-
Total	458.00	229.00	-

18.2 Trade Payables

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Others			
(a) Contractor & Suppliers	72.92	377.42	197.76
(b) Related Parties			
Ircon International Limited	-	20.60	103.00
Total	72.92	398.02	300.76

18.3 Other Financial Liabilities

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Other payables			
Staff Payable	16.77	16.73	41.14
Deposits, Retention money	267.64	421.79	106.08
Others	1.82	5.37	0.41
Other Expenses-Provisions	246.98	-	-
Demobilisation	135.00	-	-
Other Payable- Ircon International Limited			
Interest Payable on Loan	-	20.26	504.24
Towards Reimbursement of remuneration of staff, other exp , etc	52.34	178.53	219.61
Towards Payment of rent	4.23	-	-
Total	724.78	642.67	871.48

19 Other Current Liabilities

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Others			
Statutory dues:	26.47	69.86	76.08
Income Received in Advance	470.57	394.14	546.25
Total	497.04	464.00	622.32

20 Provisions

(Rs. in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Provisions for employee benefits:			
Leave Salary	5.84	12.62	44.56
PRP	1.33	-	-
Total	7.17	12.62	44.56

21 Current Tax

Current Tax Liability (Net)

(Rs. in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Provision for Income Tax	-	619.20	538.44
Less: Advance tax & TDS	-	(592.63)	(495.27)
Total	-	26.57	43.17

22 Revenue from operations

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
(A) Sale of Services		
Lease Rentals from Sub-Leasing of MFCs		
- Others	1,366.23	1,474.99
- Related Party	-	-
Sub- Total	1,366.23	1,474.99
Supply of Manpower		
- Others	-	-
- Related Party	219.09	642.26
Sub- Total	219.09	642.26
Leasing of Plant & Machinery		
- Others	-	-
- Related Party	169.12	662.08
Sub- Total	169.12	662.08
Project Management Consultancy		
- Others	1,789.90	133.25
- From Swachh Bharat Abhiyan Projects	48.49	377.78
- Related Party	-	-
Sub- Total	1,838.39	511.03
(b) Other operating Revenues		
Execution of CSR & Swachh Bharat Abhiyaan projects		
- Others	505.39	4,095.50
- Related Party	-	18.87
Sub- Total	505.39	4,114.36
Total	4,098.22	7,404.72

23 Other Income

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Bank Interest Gross	315.77	291.03
Interest on staff advances	0.00	0.14
Interest on Receivables & Advances	306.05	233.17
Interest on Refund of Income Tax	-	5.85
Other non- operating income*		
- from Others	3.69	3.75
- from Related Party (Ircon International Limited)	-	248.71
Total	625.51	782.65

24 Operating Expenses

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Cost of Operations	1,327.52	4,638.90
Total	1,327.52	4,638.90

i) Break-up of Cost of Operations

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Work Expenses-CSR	518.64	4,184.40
Work Expenses-Consultancy works	378.58	61.08
Work Expenses-Leasing of MFCs	416.56	357.71
Work Expenses for operation & Maintenance of EMP LAB	13.47	35.70
Works Expenses for other Projects	0.27	-
Total	1,327.52	4,638.89

25 Employee Benefit Expenses

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Salaries & Wages	281.37	349.24
Contribution to provident and other funds	25.71	28.87
Provisions (Created)	4.83	3.30
Less: Provision(Write Back)	-	(4.86)
Total	311.91	376.54

26 Finance Cost

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest Expenses		
- Interest on Loan from related party (Ircon International Limited)	263.39	391.09
Total	263.39	391.09

27 Depreciation, amortization and impairment

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Property, Plant and equipment	162.28	131.95
Intangible Assets	199.41	172.54
Total	361.68	304.49

28 Other Expenses

(Rs. in Lakhs)

Particulars	Foot Note	For the year ended on 31st March 2017	For the year ended on 31st March 2016
Rates and Taxes		5.39	26.43
Travelling & conveyance		73.17	81.87
Printing & stationery		2.87	2.62
Postage, telephone & telex		1.40	0.92
Legal & Professional charges		22.13	7.68
Loss on Sale of Fixed Assets		0.06	-
Demobilisation expenses		135.00	-
Insurance		1.91	2.54
Rent		40.76	21.31
Training & Recruitment Expenses		3.00	0.82
Vehicle operation & Maintenance		11.62	19.58
Bank and other Financial Charges		2.20	0.87
Auditors remuneration (Refer Points (i) for detail)		1.24	1.03
Advertisement & publicity		3.67	10.24
Miscellaneous expenses		9.48	13.52
Interest on Late Payment of Statutory dues		26.89	-
Fee & subscription charges		0.04	0.36
Honorarium		0.17	0.16
Repair & Maintenance		24.34	9.25
CSR		2.71	10.36
Exchange Fluctuation Loss		10.65	5.75
Total		378.70	215.31

(i) **Payment to Statutory Auditors:**

(Rs. in Lakhs)

Particulars	For the year ended on on 31st March 2017	For the year ended 31st March 2016
(I) Audit Fee - current year	0.84	0.70
(ii) Tax Audit Fees - current year	0.25	0.21
(iii) Travelling & out of pocket expenses:		
- Local	0.15	0.13
Total	1.24	1.03

29 Income Tax Expense

Income tax recognised in profit and loss

(Rs. in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Current income tax:		
Current income tax charge	444.02	421.22
Adjustment: Earlier Years	(99.15)	(39.09)
Deferred tax:		
In respect of the current year	499.38	456.63
In respect of MAT payable	-	-
Total	844.25	838.76

Reconciliation between tax expense and the accounting profit :

(Rs. in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Accounting profit before tax from continuing operations	2,080.53	2,261.04
Accounting profit before income tax	2,080.53	2,261.04
At India's statutory income tax rate of 21.3416%	444.02	482.54
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Less Deduction under Section 90/91		-148.89
Add: Additional Provision made on account of deduction in Section 90/91		87.58
Add: Adjustment for taxes of Prior Periods	(99.15)	(39.09)
Add: Deferred tax liabilities recognised	499.38	456.63
At the effective income tax rate of 40.57% (31 March 2016 : 37.09%)	844.25	838.76
Income tax expense reported in the statement of profit and loss (relating to continuing operations)	844.25	838.76
Total	844.25	838.76

30 Earnings per share (EPS)

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

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Basic EPS	1.90	2.32
Diluted EPS	1.90	2.32

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

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

(Rs. in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Profit attributable to equity holders of the parent:		
Continuing operations	1,236.28	1,422.28
Discontinued operation	-	-
Profit attributable to equity holders for Basic Earning Per Share	1,236.28	1,422.28
Interest on convertible preference shares	-	-
Profit attributable to equity holders of the parent adjusted for the effect of dilution	1,236.28	1,422.28

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

(Rs. in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Weighted average number of Equity shares for basic EPS*	650.00	613.70
Effect of dilution:		
Share Options	-	-
Convertible preference shares	-	-
Weighted average number of Equity shares adjusted for the effect of dilution*	650.00	613.70

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

Reconciliation of Total Equity as at 31st March 2016 and 1st April 2015

(Rs. in Lakhs)

Particulars	31 March 2016	01 April 2015
Total Equity (shareholder's fund) as per previous GAAP	10,233.64	8,811.36
Total Equity (shareholder's fund) as per Ind-AS	10,233.64	8,811.36

Reconciliation of Total Comprehensive Income for the year ended 31st March 2016

(Rs. in Lakhs)

Particulars	Notes	31 March 2016
Profit after tax as per previous GAAP		1,422.27
Profit after tax as per Ind-AS		1,422.27

Impact of Ind-AS on the Cash flow for the year ended 31st March 2016

(Rs. in Lakhs)

Particulars	Notes	INDIAN (GAAP)	Adjustments	IND AS
Net Cash From Operating Activities	1	1,050.57	(1,555.39)	(504.82)
Net Cash From Investing Activities		(54.05)	(0.00)	(54.05)
Net Cash From Financing Activities		(791.09)	-	(791.09)
Net Decrease In Cash & Cash Equivalent		205.44	1,555.39	(1,349.95)
Cash & Cash Equivalent as at 1st April 2015		4,084.33	-	4,084.33
Cash & Cash Equivalent as at 31st March 2016		4,289.77	1,555.39	2,734.38

*The previous GAAP Figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to Reconciliation

Note :- 1 Cash and Cash Equivalents

As per Schedule III cash and cash equivalent does not include deposits more than 3 months and same are classified as separate item i.e., bank balance other than cash and cash equivalent. There is no impact on total equity or profit as a result of this adjustment.

As per our Report of even date attached

For Kapoor Goyal & Co.

Chartered Accountants

FRN - 001370N

For and on behalf of the Board of Directors

CA Tarun Kapoor
(Partner)
M. No. 095949

Aniket Khetrpal
C.F.O.

C. K. Nayar
C.E.O.

Deepshikha Gupta
Co. Secy.

Surajit Dutta
Director
(DIN-06687032)

Hitesh Khanna
Chairman
(DIN-02789681)

Place : New Delhi
Date : 04/09/2017

NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES

31 Contingent liability/Asset consists of amounts not provided for:

- (a) Claims against the company not acknowledged as debt **Rs. Nil** (Rs. Nil).
- (b) Direct Tax Disputed demands under CIT appeal amounting to **Rs. 514.41 Lakhs**.
- (c) There are some cases relating to employees/other are pending in the court against the company in respect of which the liability is not ascertainable.
- (d) Bank Guarantee issued to clients/others:
 - (i) Bank Guarantee issued to Ministry of Construction (Myanmar) of **Rs. 55.39 Lakhs** vide BG No 80186/G/2015-16 dated 31/03/2016.
 - (ii) Bank Guarantee issued to University of Haryana (Mahendergarh) of **Rs. 10.00 Lakhs** vide BG No 040871217000016 dated 15/02/2017.
 - (iii) Bank Guarantee issued to Director General, Central Council for Research in Unani Medicine (New Delhi) of **Rs. 10.00 Lakhs** Vide BG No 040871317000013 dated 17/02/2017.
 - (iv) Bank Guarantee issued to Pay& Account Officer (SECTT) Ministry of Health and Family Welfare, Nirman Bhavan, New Delhi of **Rs. 50.00 Lakhs** vide BG No 040871317000016 dated 01/03/2017.
 - (v) Bank Guarantee issued to Pay& Account Officer (SECTT) Ministry of Health and Family Welfare, Nirman Bhavan, New Delhi of **Rs. 10.00 Lakhs** vide BG No 040871317000024 dated 16/03/2017.
 - (vi) Bank Guarantee issued to Ministry of External Affairs for Project Management Consultancy Services of **Rs. 227.00 Lakhs** Vide BG No 040871217000019 dated 24/03/2017.

32. Capital Commitment:

(a) Multi-Functional Complexes (MFC's)

Out of the total estimated value of contracts for construction of 24 MFC's at different stations of **Rs. 9,727.37 Lakhs** (as at 31st March 2016 - Rs. 10,529.93 lakhs) to be carried out as per memorandum of Understanding dt. 17.2.2009, the work to the tune of **Rs. 9,727.37 Lakhs** (as at 31st March 2016 - Rs. 9,727.37 Lakhs) have been carried out. Now, All the MFCs have completed and no further capital is required.

(b) Procurement of Plant & Machinery

As per BOD Approval vide item No 10/15 Dated 20.02.2015, the company has raised their Share Capital to the tune of **Rs 2,500 Lakhs** (as at 31st March 2016 - Rs. 2,500 Lakhs) to procure old Track Machines from Different Zonal Railways of India & make them operational for helping in Capacity Building of the company in infrastructure sector. Total Estimated approved Expenditure is Rs. 2,500 Lakhs out of which **Rs. 199.88 Lakhs** (Rs. Nil) has been carried out during the year.

33. (a) Some of the balances shown under debtors, advances and creditors are subject to confirmation / reconciliation/ adjustment, if any. The Company has been sending letters for confirmation to parties included in the above.
- (b) Sales tax (including TDS), Value added tax (VAT), Service Tax and Income tax (including TDS) shown under advances are subject to confirmation/reconciliation/adjustment, if any.
- (c) In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the balance sheet.
34. a) The Company has send letters to their suppliers to check whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) or Not. Company has find that only some supplier are covered under the Micro, Small and Medium Enterprises Development Act, 2006 but there are no amounts due to Micro, Small and Medium Enterprises as on 31st March 2017, 31st March 2016 and 1st April 2015.
- b) The company has not received any information from any of its suppliers of their being a small scale industrial unit. Based on this information, amount due to small scale industrial undertaking, which is outstanding for more than 30 days as on 31st March 2017, 31st March 2016 and 1st April 2015 is **Rs. Nil**.

35. Foreign Exchange Earning & Outgo :

a) CIF Value of Imports :

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Materials/ Machinery	--	--
Consumables, Components and Spares	14.24	7.01
TOTAL	14.24	7.01

b) Earnings in foreign currency:

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Work Receipts	488.26	1304.34
Bank Interest	0.13	0.35
Other Interest	--	--
Foreign Exchange Fluctuation Gain (Net)	--	--
Others	--	248.71
TOTAL	488.39	1,553.40

c) Expenditure in foreign currency:

(Rs. in Lakhs)

Particulars	2016-17	2015-16
Operational Expenses	83.27	153.37
Consultancy charges	--	1.24
Foreign Exchange Fluctuation Loss (Net)	10.06	5.75
Administrative & Other Expenses	295.46	23.13
TOTAL	388.79	183.49

36. (a) For regular Employees P.F contribution, gratuity, leave encashment & other retirement benefits has been accounted in terms of Ind-AS -19.
- (b) However, the company has also employed certain employee on contract. The salary for these employees are booked in books of accounts and no other retirement benefits are payable to them except Leave encashment which has been provided for in the books of accounts.
- (c) Provident Fund Contribution of the employees of IrconISL on regular/ contract basis has been regularly deposited by the company to Employees Provident Fund Organisation.
- (d) Some Officials working for Ircon Infrastructure & Services limited are posted on deputation basis and are on the rolls of Ircon International Limited. Their P.F contribution, gratuity, leave encashment & other retirement benefits have been accounted for on the basis of Advices from its Holding company. The provision for Gratuity & other Retirement Benefits of employees on deputation in terms of Ind AS-19 is being made by its Holding company as per accounting policy (Note No -2, Point No.S).
- (e) Provident Fund Contribution of the employees on deputation has been regularly deposited by the holding company with its P.F Trust.

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

Economic Assumptions

Particulars	31/03/2017
i) Discounting Rate	7.5
ii) Future salary Increase	8.00

Demographic Assumption

i) Retirement Age (Years)		60
ii) Mortality rates inclusive of provision for disability **	100% of IALM (2006 - 08)	
iii) Ages	--	Withdrawal Rate (%)
Up to 30 Years	--	3
From 31 to 44 years	--	2
Above 44 years	--	1

37(a) Planed Liability

Particulars	Gratuity	
	31/03/2016	31/03/2017
Present value of obligation as at the end of the period	0.00	1.00

Particulars	Leave Encashment	
	31/03/2016	31/03/2017
Present value of obligation as at the end of the period	0.00	1.00

37(b) Service Cost

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
	31/03/2017	31/03/2017
a) Current Service Cost	0.39	0.72
b) Past Service Cost including curtailment Gains/Losses	--	--
c) Gains or Losses on Non routine settlements	--	--
d) Total	0.39	0.72

37(c) Net Interest Cost

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
	31/03/2017	31/03/2017
a) Interest Cost on Defined Benefit Obligation	0.01	0.01
b) Interest Income on Plan Assets	--	--
c) Net Interest Cost (Income)	0.01	0.01

37(d) Table showing Change in Benefit Obligation

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
	31/03/2017	31/03/2017
a) Present value of obligation as at the beginning of the period	0.12	0.16
b) Interest Cost	0.01	0.01
c) Current Service Cost	0.39	0.72
d) Benefits Paid	--	--

e)	Actuarial (Gain)/Loss on obligation	0.00	0.08
f)	Present value of obligation as at the End of the period	0.52	0.97

37(e) Actuarial (Gain)/Loss on Obligation

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
	31/03/2017	31/03/2017
a) Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	--	--
b) Actuarial (Gain)/Loss on arising from Change in Financial Assumption	--	--
c) Actuarial (Gain)/Loss on arising from Experience Adjustment	0.00	0.08

37(f) Actuarial (Gain)/Loss on Plan Asset

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
	31/03/2017	31/03/2017
a) Expected Interest Income	--	--
b) Actual Income on Plan Asset	--	--
c) Actuarial gain /(loss) for the year on Asset	--	--

37(g) Balance Sheet and related analyses

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
	31/03/2017	31/03/2017
a) Present Value of the obligation at end	0.52	0.97
b) Fair value of plan assets	--	--
c) (Unfunded Liability)/ Funded provision in Balance Sheet	(0.52)	(0.97)
d) (Unfunded Liability) /Funded recognized in Balance Sheet	(0.52)	(0.97)

37(h) The amounts recognized in the income statement.

(Rs. in Lakhs)

Particulars	Gratuity	Leave Encashment
	31/03/2017	31/03/2017
a) Service Cost	0.39	0.72
b) Net Interest Cost	0.01	0.01
c) Actuarial (gain) /loss for the year on Asset	-	0.08
d) Expense recognized in the Income Statement	0.39	0.81

37(i) Other Comprehensive Income (OCI)
(Rs. in Lakhs)

	Particulars	Gratuity	Leave Encashment
		31/03/2017	31/03/2017
a)	Net cumulative unrecognized actuarial gain/(loss) opening	--	--
b)	Actuarial gain / (loss) for the year on PBO	0.00	--
c)	Actuarial gain / (loss) for the year on Asset	--	--
d)	Unrecognized actuarial gain/(loss) at the end of the year	0.00	--

37(j) Change in plan assets
(Rs. in Lakhs)

	Particulars	Gratuity	Leave Encashment
		31/03/2017	31/03/2017
a)	Fair value of plan assets at the beginning of the period	--	--
b)	Actual return on plan assets	--	--
c)	Employer contribution	--	--
d)	Benefits paid	--	--
e)	Fair value of plan assets at the end of the period	--	--

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

	Particulars	Gratuity	Leave Encashment
		31/03/2017	31/03/2017
a)	Government of India Securities	--	--
b)	State Government securities	--	--
c)	High Quality Corporate Bonds	--	--
d)	Equity Shares of listed companies	--	--
e)	Property	--	--
f)	Special Deposit Scheme	--	--
g)	Funds Managed by Insurer	--	--
h)	Bank Balance	--	--
	Total	--	--

37(l) Change in Net Defined Benefit Obligation (Rs. in Lakhs)

Particulars		Gratuity	Leave Encashment
		31/03/2017	31/03/2017
a)	Net defined benefit liability at the start of the period	0.12	0.16
b)	Service Cost	0.39	0.72
c)	Net Interest cost (Income)	0.01	0.01
d)	Re-measurements	0.00	0.08
e)	Contribution paid to the Fund	--	--
f)	Benefit paid directly by the enterprise	--	--
g)	Net defined benefit liability at the end of the period	0.52	0.97

37(m) Bifurcation of PBO at the end of year in current and non-current. (Rs. in Lakhs)

Particulars		Gratuity	Leave Encashment
		31/03/2017	31/03/2017
a)	Current liability (Amount due within one year)	0.00	0.05
b)	Non-Current liability (Amount due over one year)	0.52	0.92
	Total PBO at the end of year	0.52	0.97

37(n) Expected best estimate of expense for the next Annual reporting period. (Rs. in Lakhs)

Particulars		Gratuity	Leave Encashment
		31/03/2017	31/03/2017
a)	Service Cost	0.43	0.78
b)	Net Interest Cost	0.04	0.07
c)	Net actuarial (gain) / loss recognized in the period	-	0.07
d)	Expected Expense for the next annual reporting period	0.47	0.92

37(o) Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate		Gratuity	Earned Leave
Present Value of Obligation at the end of the period		0.52	0.97
a)	Impact due to increase of 0.50 %	(0.06)	(0.10)
b)	Impact due to decrease of 0.50 %	0.07	0.12
b) Impact of the change in salary increase			
Present Value of Obligation at the end of the period		0.52	0.97
a)	Impact due to increase of 0.50 %	0.07	0.12
b)	Impact due to decrease of 0.50 %	(0.06)	(0.10)

- 38.** The Company has taken a loan of **Rs. Nil** (FY 15-16 – Rs. Nil) during the year from its Holding Company. During the year a sum of **Rs. 458 Lakhs** (F.Y 15-16 - Rs. 400 Lakhs) have been repaid and Outstanding Loan comes to **Rs. 2,292 Lakhs** (as at 31 March 2016 - Rs. 2,750 Lakhs). As per repayment Schedule of loan Agreement, **Rs. 458 Lakhs** has been showed in current liability which is payable in next year. Interest during the year was paid on the loan is **Rs. 263.39 Lakhs** (F.Y 15-16 - Rs. 391.09 Lakhs).
- 39.** (i) Ministry of Railways vide railway Budget 2009-10 announced development of Multi Functional Complexes(MFC's) at identified sites to be undertaken by IRCON International limited (IRCON) and Rail Land Development Authority (RLDA) jointly.
- (ii) Accordingly Memorandum of Understanding (MOU) was signed on 21.8.2009 between IRCON and RLDA. In terms of Memorandum of Understanding signed between IRCON and RLDA on 21st August 2009, the development, operation and maintenance of the Multi Functional Complexes is to be done by wholly owned subsidiary (WOS) of IRCON. Further, the lease agreement for the MFC's was signed between RLDA and WOS i.e., Ircon Infrastructure and Services limited on 04-07-2013.
- (iii) All the expenditure directly or indirectly relating to construction activity are capitalised and is valued at cost. Indirect Expenditure /Incidental Expenditure during the construction period is capitalised as cost to the extent to which the expenditure is directly related to construction or is incidental thereto.
- (iv) All the MFC Projects has been capitalized and all the operating expenses & interest on Loan has been charged to the Profit & Loss Account during the year under consideration (which was earlier capitalized to various projects).
- (v) The company has Sub- leased 23 MFCs. For the same, company has received/receivable one-time down payment and monthly rental from the Sub- lessee. The total revenue recognize under lease is **Rs. 1366.24 Lakhs** (FY 15-16 - Rs. 1,474.99 Lakhs). The one-time down payment received / receivable from sub-lessee are recognized as income in the statement of profit and loss on straight-line basis over the lease term on pro-rata basis.
- (vi) The Company has terminated the Sub-Lease Agreement of MFCs at Kannur, Hyderabad, Mysore and Bilaspur due to non - payment of pending dues till 31.03.2017.

40. (i) Memorandum of Understanding (MOU) was signed on 03.11.2011 and 08.06.2012 between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL). In terms of MOU, IRCON intends that some areas of Corporate Social Responsibility (CSR) works of IRCON be undertaken by IrconISL as a special agency, in tune with guidelines on CSR issued by DPE.
- (ii) As per MOU, IrconISL shall be paid fixed percentage of 5% towards IrconISL Margin over the cost of work for execution of CSR activities. The revenue from the same is **Rs. Nil Lakhs** (F.Y 2015-16 - Rs. 18.87 Lakhs).
- (iii) The company has secured and execute the work of construction of toilets block Swaach Bharat Abhiyan as Project Management Consultants on cost plus basis from various clients. The revenue booked under these projects and CSR work of various clients other than Ircon International Limited is **Rs. 553.88 Lakhs** (F.Y 2015-16 - Rs. 4,473.27 Lakhs).
41. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 26.12.2012, IrconISL has been awarded the work of "Supply of Manpower" to IRCON's Srilanka Project on Man-day rate basis. The revenue from the same is **Rs. 136.64 Lakhs** (F.Y 2015-16 - Rs. 373.13 Lakhs). Expenditure incurred on the same is **Rs. 63.98 Lakhs** (F.Y 2015-16 - Rs. 153.27 lakhs).
42. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 31.03.2015, IrconISL has leased out "Duomatic Tamping Machine" to IRCON's Srilanka Project on Hire Charges w.e.f. 23.11.2013. The revenue from the same is **Rs. 169.12 Lakhs** (F.Y 15-16 - Rs. 662.07 Lakhs). Expenditure incurred on the same is **Rs. 309.42 Lakhs** (F.Y 15-16 - Rs. 145.91 Lakhs).
43. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 01.04.2013, IrconISL has been awarded the work of "Supply of Manpower" to IRCON's Malaysia Project on Man-day rate basis. The revenue from the same is **Rs. 82.45 Lakhs** (F.Y 2015-16 - Rs.269.13 Lakhs). Expenditure incurred on the same is **Rs.0.44 Lakhs** (F.Y 15-16 - Rs.18.23 Lakhs).
44. The Holding company has handed over the possession of EMP Lab along with assets at Jammu to the company for operation & Maintenance of EMP Lab. The Company has incurred an expense of **Rs. 13.47 Lakhs** (F.Y 2015-16 - Rs. 35.70 Lakhs) on operation & Maintenance of EMP Lab at Jammu during the year, which is charged to Profit & Loss account and above includes electricity expenses of **Rs. 4.11 Lakhs** (F.Y 2015-16 - Rs. 1.07 Lakhs) for which bills are in the name of Ircon International Limited. These are the initial expenses for manpower & other administrative expenses.
45. **Disclosure regarding leases:**
- I. The Company has not taken any assets on operating lease.
- II. Operating Leases for Multi-Functional Complexes (MFC's):
- (a) The Company has Sub – Leased 23 (Twenty Three) MFCs to the various sub- lessees upto 31-03-2017, out of which, sub – lease agreement of 4 MFC's at Kannur, Hyderabad, bilaspur and Mysore has been terminated.

(b) Future minimum lease rental receivable from 19 Sub-Leased MFC's under non- cancellable lease are as under :

(Rs. in lakhs)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Receivable (Against Lease Rent Receivable from MFC's)	1,719.53 (1,262.64)	8,021.08 (170.3)	89,534.91 (Nil)

(c) Disclosure of Depreciation/ Amortization in respect of leased MFCs for the year:

(Rs. in lakhs)

Particulars of assets	2016-17	2015-16
Gross carrying amount of Assets	9,727.37	9,727.37
Accumulated Depreciation/ Amortisation	534.58	335.17

(Rs. in lakhs)

Particulars	2016-17	2015-16
Depreciation/ Amortisation for the year	199.41	172.54

III. Details of Assets given on Lease.

Operating Leases for Duomatic Tamping Machine:

- The Company has provided 1 (One) No. of Duomatic Tamping Machine on Lease to Holding company – Ircon International Limited in Srilanka upto 30-06-2017, during the year.
- This lease is not non-cancellable.
- The Lease income recognizes during the year is **Rs. 169.12 Lakhs** (F.Y 15-16 - Rs. 662.07 Lakhs).
- In this leasing arrangement, the Duomatic Tamping machine is leased without operators and consumables.
- Monthly rental for the machine is receivable in form of Fixed and variable rental. Variable rentals are payable by lessee on a pre- determined rate on the basis of excess working hours over the normal working hours.

46. Related Party Disclosures

- The entire Equity Share Capital of the Company is held by Ircon International Limited, Holding company.
- Relation and name of the related parties are:

Nature of Relationship		Name of the Related Party
i. Holding Company		Ircon International Limited
ii. Key Management personnel:	Directors:	Shri Hitesh Khanna, Shri Anil Jain (Retired on 31st October 2016), Shri Surajit Dutta, Shri A K Goyal and Shri A K Gupta (joined on 2nd March 2017)
	Others	Others:-Shri C.K. Nayar (CEO), Shri Aniket Khetrpal (CFO), Ms. Deepshikha Gupta, Company Secretary.

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

(Rs. in lakhs)

Particulars	2016-17	2015-16
Short-Term benefits	58.00	64.05
Post-employment benefits*	4.81	5.54
Other long-term benefits	--	--
Total	62.81	69.59

*Refer Note :- (36)

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

(d) Related Party Transactions

(Rs. in lakhs)

Particulars	Transactions		Outstanding Amount	
	2016-17	2015-16	2016-17	2015-16
Remuneration to Key management personnel (c above)	As per Note no 46(c)		0.43	Nil
Amount payable against Services & Purchase of Goods from Holding Company	48.64	73.41	4.23	20.59
Reimbursement of Expenses i.e. remuneration to staff as salary & Wages, PF contribution , travelling , etc.	106.56	186.26	52.34	178.52
Revenue income from Holding company	388.21	1,571.91	649.36	941.99
Loan from Holding Company	(458.00)	(400.00)	2,292.00	2,750.00
Interest payable on Loan taken from Holding company	263.39	391.09	(1.05)	20.26

47. The Company has inventory as at 31st March 2017 amounting of **Rs. 0.23 Lakhs** (as at 31st March 2016 – Rs. 0.40 Lakhs) and (As at 1st April 2015–Rs. Nil).
48. The Company has carried out the assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realisable value and carrying cost during the year. The impairment loss is **Rs. Nil** (F.Y 2015-16 - Rs. Nil).
- 49 (a) Gross amount required to be spent by the Company on CSR as per Section 135 of the Companies Act 2013 during the year is **Rs. 2.63 Lakhs** (F.Y 15-16 –Rs. 10.36 Lakhs).
- (b) During the year, the Group has spent **Rs 2.71 lakhs** (F.Y 15-16 - Rs 10.36 lakhs) as against required amount of **Rs 2.63 lakhs** (F.Y 15-16 - Rs 10.36 lakhs) on Corporate Social Responsibility (CSR) Activities.
- Break up of expenditure incurred is as follows:

(Rs. in lakhs)

Description	2016-17	2015-16
Eradicating hunger, poverty & malnutrition, promoting preventive healthcare & sanitation & making available safe drinking water	--	6.36
Promoting Education	2.71	4.00
TOTAL	2.71	10.36

50. Other Income includes a sum of **Rs. Nil Lakhs** (F.Y 2015-16 - Rs. 248.71 Lakhs) as reimbursement of Taxes paid in Sri Lanka for the financial year 2016-17 from its Holding Company i.e. Ircon International Limited.
51. The Company does not see any material foreseeable losses on any long term contracts entered by the Company, therefore no provision is required in this respect. Further the company has not entered into any derivative contracts during the year under consideration.
52. **Segment Reporting:**

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

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

Primary Segment information (Geographic):

(Rs. in lakhs)

Particulars	International		Domestic		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
A. Turnover						
Revenue from Operations	1,900.73	1,304.34	2,197.49	6,100.38	4,098.22	7,404.72
Other Income	0.13	249.07	625.38	533.58	625.51	782.65
Inter-segment						
Total Revenue	1,900.86	1,553.41	2,822.87	6,633.96	4,723.73	8,187.37
B. Result						
Profit before Provision, Depreciation, Interest and Tax.	1,516.00	1,368.06	1,571.58	1,586.98	3,087.58	2,955.04
Less: Provision & write backs (Net)	135.00	(1.85)	246.98	0.28	381.98	(1.57)
Depreciation	158.42	129.26	203.26	175.23	361.68	304.49
Interest	--	--	263.39	391.09	263.39	391.09
Profit Before Tax	1,222.58	1,240.65	857.95	1,020.39	2,080.53	2,261.04
Tax Expense	496.10	148.93	348.15	689.83	844.25	838.76
Profit After Tax	726.48	1,091.72	509.80	330.55	1,236.28	1,422.27
C. Other Information						
Assets	1,233.31	2,044.03	18,978.84	17,177.98	20,212.15	18,411.29
Include Fixed Assets (Net Block)	829.52	987.94	9415.60	9,404.62	10,245.12	10,392.56
Liabilities	151.58	49.33	8590.66	8,716.55	8,742.24	8,765.88
Capital Expenditure: -- Additions to Fixed Assets	--	--	214.58	54.04	214.58	54.04

Secondary Segment information (Business):
(Rs. in lakhs)

Particulars	Operating Income		Segment Assets		Additions to Fixed Assets	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Consultancy Projects	1838.39	511.03	2,009.07	35.96	--	--
Supply of Manpower	219.09	642.26	251.00	749.88	--	--
Sub- Leasing of MFCs	1366.24	1,474.99	11,789.22	11,233.96	--	42.84
Leasing of Plant & Machinery	169.12	662.08	885.18	1,294.15	--	--
Others operating Revenues from Execution of CSR & Swachh Bharat Abhiyaan Projects	505.39	4,114.36	5,277.68	5,097.34	214.58	11.20
Total	4,098.22	7,404.72	20,212.15	18,411.29	214.58	54.04

53. Capital management

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

Further, company manages its capital structure to make adjustments in light of changes in economic conditions and the requirements of the financial covenants. No changes were made in the objectives, policies or processes of managing capital during the year ended 31st March 2017.

54. Fair Value measurements

(i) Financial Instruments by Category

(Rs. in lakhs)

Particulars	As at 31st March 2017			As at 31st March 2016			As at 1st April 2015		
	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI	Amortized Cost
Financial Assets									
(ii) Trade Receivables	-	-	3,628.50	-	-	3,464.11	-	-	1,670.11
(iv) Cash and Cash Equivalents	-	-	3,609.92	-	-	2,734.38	-	-	4,084.33
(v) Bank Balances other than (ii) above	-	-	1,936.42	-	-	1,555.39	-	-	-
(vi) Staff Loans (Current)	-	-	0.19	-	-	1.70	-	-	2.65
(vii) Others (Current)	-	-	222.40	-	-	128.55	-	-	39.28
(vii) Others (Non Current)	-	-	4.31	-	-	6.26	-	-	6.12
Total Financial Assets	-	-	9,401.74	-	-	7,890.39	-	-	5,802.50
Financial Liabilities									
(i) Borrowings (Non-Current)	-	-	1,834.00	-	-	2,521.00	-	-	3,150.00
(i) Borrowings (Current)	-	-	458.00	-	-	229.00	-	-	-
(i) Trade payables	-	-	72.93	-	-	398.02	-	-	300.76
(ii) Others	-	-	724.78	-	-	642.68	-	-	871.48
Total Financial Liabilities	-	-	3,089.71	-	-	3,790.70	-	-	4,322.24

(ii) Assets and liabilities which are measured at amortized cost for which fair values are disclosed.

Fair Value Hierarchy

(Rs. in lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Carrying Value	Fair value	Carrying Value	Fair value	Carrying Value	Fair value
Financial Assets	-	-	-	-	-	-
Total Financial Assets	-	-	-	-	-	-

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

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

ii) For financial assets and Liabilities that are measured at fair value, the carrying amount are equal to the fair values.

Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis and at amortised cost.

55. Financial Risk Management

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

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

a) Market Risk

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

b) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of change in market interest rate. The company manages its interest risk in accordance with the companies policies and risk objective.

c) Credit risk

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

d) Financial Instruments and cash deposits

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

e) Liquidity risk

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

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

The working capital position of the Company is given below:

(Rs. in Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash and cash equivalent	3,609.92	2,734.38	4,084.33
Bank Balance	1,936.42	1,555.39	--
Inventories	0.23	0.40	--
Loans & advances	0.19	1.70	2.65
Trade Receivables	3,628.50	3,464.11	1,670.11
Other Financial assets	222.40	128.55	39.28
Other Current Assets	266.44	123.53	2.27
Total Assets (A)	9,664.09	8,008.06	5,798.65
Less:			
Borrowings	458.00	229.00	--
Financial Liability	797.71	1,040.71	1,172.24
Other Current Liabilities	497.05	464.00	622.33
Total Liabilities (B)	1,752.76	1,733.71	1,794.57
Working Capital (A-B)	7,911.33	6,274.36	4,004.08

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2017, 31 March, 2016 and 1 April, 2015:

(Rs. in Lakhs)

Particulars	As on 31 March, 2017		
	Less than 1 Year	1-2 years	2 Years and above
Borrowings	458.00	--	--
Trade payables	638.94	143.17	15.60
Other financial liabilities	263.68	233.38	--

(Rs. in Lakhs)

Particulars	As on 31 March, 2016		
	Less than 1 Year	1-2 years	2 Years and above
Borrowings	229.00	--	--
Trade payables	996.29	44.42	--
Other financial liabilities	464.00	-	--

(Rs. in Lakhs)

Particulars	As on 1 April, 2015		
	Less than 1 Year	1-2 years	2 Years and above
Borrowings	400.00	--	--
Trade payables	1,164.33	7.91	--
Other financial liabilities	622.33	--	--

56. Key sources of Estimation uncertainty

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

a) Fair valuation measurement and valuation process

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

b) Taxes

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

57. Disclosure on Specified Bank Notes from 08-11-2016 to 30-12-2016 (SBN)

The company did not have any specified bank note or other denomination note as defined in the MCA notification G.S.R. 308 (E) dated 31.03.2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08-11-2016 to 30-12-2016 except mentioned in Table below. The denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	7,000.00	-	7,000.00
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	7,000.00	-	7,000.00
Closing cash in hand as on 30.12.2016	-	-	-

For the purpose of this clause, the term "Specified Bank Note" shall have the same meaning as provided in the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O. 3407 (E) dated 08-11-2016.

58. Approval of financial statement

The financial statements were approved for issue by the Board of Directors on 04-09-2017.

59. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the company has prepared in accordance with Ind-AS. For periods up to and including the year 31 March 2016, the company prepared its financial statements in accordance with the Indian GAAP, including accounting standards notified under the companies (Accounting Standards) Rules, 2016 (as amended).

Accordingly the company has prepared financial statements which comply with Ind-AS applicable for the periods on or after the 31 March 2016, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of the significant accounting policies, In preparing these financial statements, the company opening balance sheet was prepared as at 1 April 2015, the company date of transition to Ind-AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied

Ind-AS 101 allows first time adopters certain exemptions from the retrospective application of creation requirements under Ind-AS. Company has applied the following exemptions:-

1- Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind-AS and as of 31 March 2016.

2- Deemed Costs

Since there is no change in functional currency, the company has elected to continue with the previous GAAP carrying value of all property Plant and Equipment, investment property and intangibles as recognised in the previous GAAP financials as deemed cost at the transition date.

3. Classification and measurement of Financial Assets

Company assess the classification and measurement of Financial Assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

For Kapoor Goyal & Company

Chartered Accountants

FRN - 001370N

CA Tarun Kapoor

Partner

M. No. 095949

Aniket Khetrapal

C.F.O.

C. K. Nayar

C.E.O

Deepshikha Gupta

Co. Secy.

Surajit Dutta

Director

(DIN-06687032)

Hitesh Khanna

Chairman

(DIN-02789681)

For and on behalf of Board of Directors

Place : New Delhi

Date : 04.09.2017

Auditor's Report



INDEPENDENT AUDITORS' REPORT

To The Members of
Ircon Infrastructure & Services Limited
New Delhi

Report on the Ind AS Financial Statements

We have audited the accompanying financial statements of **M/s Ircon Infrastructure & Services Limited** ("the Company"), which comprise the Balance Sheet as at **31/03/2017**, the Statement of Profit and Loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at **31/03/2017**, and its **Profit and its cash flows** for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the notes to the financial statements :-

- a. Note No.37, to the Ind AS financial statements which states that the persons working in the company are on deputation basis and are on the rolls of its holding company & therefore provision for gratuity & other retirements benefits of employees on deputation in terms of Ind AS-19 is being made by its holding company.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order,2016("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013. We give in the **Annexure A** statements on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub section (5) of Section 143 of the Companies Act 2013, the compliance of which is set out in "**Annexure B**".
3. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, statement of changes in equity & the cash flow statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on **31/03/2017** taken on record by the Board of Directors, none of the directors is disqualified as **31/03/2017** from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure C**".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. - **Refer Note No. 31 to the Ind AS financial statements.**
 - ii. The Company has made provision, as required under the applicable law and did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.
 - iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. and these are in accordance with the books of accounts maintained by the Company. - **Refer Note No. 57 to the Ind AS financial statements.**

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

Place: New Delhi
Date: 04.09.2017

Tarun Kapoor
(Partner)
M.No. : 095949

Annexure A to the Independent Auditors Report

Reports under The Companies (Auditor's Report) Order, 2016 (CARO 2016) for the year ended on 31st March 2017

To,
The Members of Ircon Infrastructure & Services Limited

(i) In Respect of Fixed Assets

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification programme, which in our opinion, is reasonable, looking to the size of the company and the nature of its business. No material discrepancies were noticed on such verifications.
- (c) The title of deeds of immovable properties are held in the name of the company.

(ii) In Respect of Inventories

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

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

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

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

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

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

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits in contravention of Directives issued by Reserve Bank of India and the

provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under, where applicable. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.

(vi) Maintenance of cost records

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

(vii) Deposit of Statutory Dues

(a) According to the information and explanations given to us by the management and on the basis of our examination of the records of the company, amounts deducted / accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, Value added tax, Cess and any other material statutory dues have generally been regularly deposited during the year by the Company, with the appropriate authorities and there is no undisputed dues as at 31st March 2017 for a period of more than six months from the date they became payable.

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

(viii) Repayment of Loans and Borrowings

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

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

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

(x) Reporting of Fraud during the Year

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

(xi) Managerial Remuneration

According to the information and explanations given to us and based on our examination of the records of the Company, the Company does not pay any managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

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

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

Yes, All transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

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

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

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

According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

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

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

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

Place: New Delhi
Date: 04.09.2017

Tarun Kapoor
Partner
M.No. :095949

Annexure B to the Independent Auditor's Report

Annexure referred to in paragraph 2 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Ircon Infrastructure & Services Limited Company limited on the Ind AS financial statements for the financial year ended on 31st March 2017

S. No.	Directions	Our Report
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available.	According to information and explanations given to us by the management, the Company own land on leasehold basis and have a clear title of the same.
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.	According to information and explanations given to us, there are no cases of waiver/write off of debts/loans/interest etc.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities?	The Company does not maintain any inventories. According to information and explanations given to us, the company has not received any assets as gifts/grant(s) from government or other authorities.

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

Place: New Delhi
Date: 04.09.2017

Tarun Kapoor
(Partner)
M.No. :095949

“Annexure C” to the Independent Auditor’s Report of even date on the Ind AS Financial Statements of Ircon Infrastructure & Services Limited

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 Ircon Infrastructure & Services Limited

(“The Company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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 issues by the Institute of Chartered Accountants of India.

Place: New Delhi
Date: 04.09.2017

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

Tarun Kapoor
(Partner)
M.No. :095949

C & AG Comments



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IRCON INFRASTRUCTURE AND SERVICES LIMITED FOR THE YEAR ENDED 31ST MARCH 2017

The preparation of financial statements of **Ircon Infrastructure and Services Limited** for the year ended 31st March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 04th September 2017.

I, on the behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Ircon Infrastructure & Services Limited for the year ended 31st March 2017 under Section 143(6) (a) of the Act.

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

**Place: New Delhi
Date: 07.09.2017**

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



IIRCON INFRASTRUCTURE & SERVICE LIMITED

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