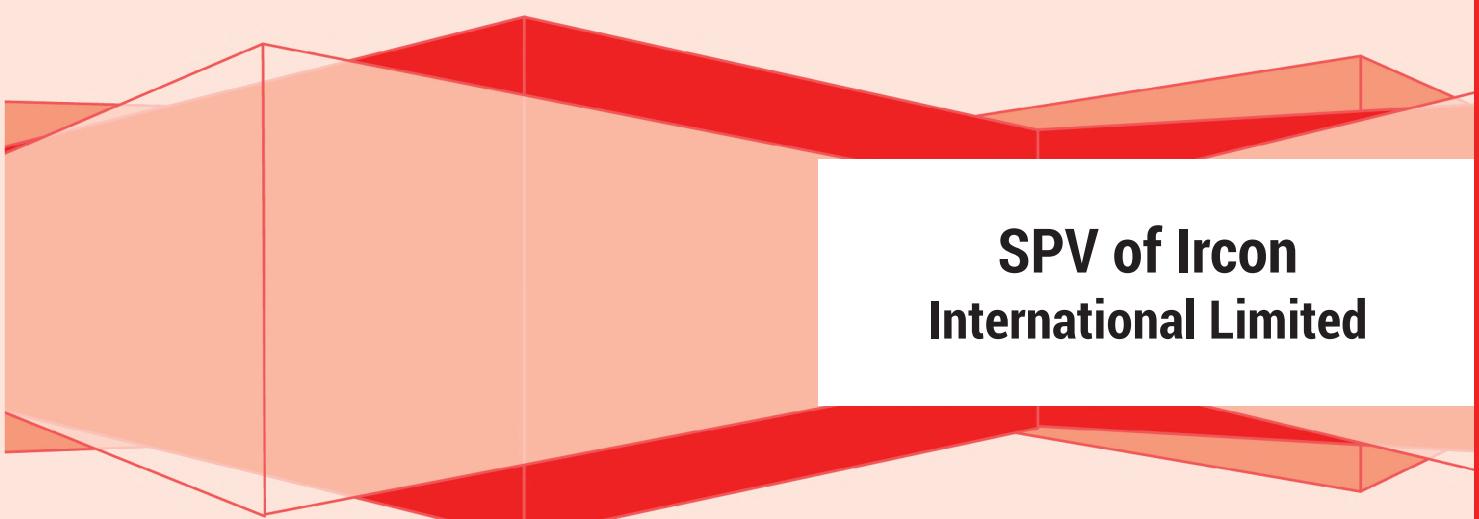


1st ANNUAL REPORT

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IRCON PB TOLLWAY LIMITED



**SPV of Ircon
International Limited**

VISION AND MISSION STATEMENT

VISION

To establish and steer the Company towards development of the Project Highway, the Bikaner - Phalodi Section on NH-15, in the State of Rajasthan and ensuring the users of the Project Highway are benefitted thereof and achieving higher revenues from the constructed toll plazas and making the Company stand at par in delivering the expected project output within the optimum time period.

MISSION

- (i) Constructing through site planning, scheduling of project activities, leveling and laying the land, installing systems for measuring quality of construction.
- (ii) Responsibly monitoring the implementation and operationalization of the project.
- (iii) Ensuring increased usage of highway over the tenure of concession by keeping a check on toll rates, enabling plying of more and more cars and commercial vehicles on the road, revising the toll rates based on effective traffic sampling.
- (iv) Curtailing costs and channeling resources into required areas.

~~~~~\*\*\*~~~~~

## **COMPANY FORMATION**

The Stones of Foundation were laid on 30<sup>th</sup> September 2014  
Incorporated as Concessionaire in terms of the Concession Agreement with National Highways  
Authority of India (NHAI)

## **BUSINESS OBJECTIVE**

Widening and Strengthening of the existing Bikaner & Phalodi Section to Four lane from km 4.200 km to 55.250 and Two Lane with paved shoulder from Km 55.250 to Km 163.500 of NH-15 on Build, Operate, and Transfer (BOT) (Toll) basis in the State of Rajasthan

## **GRANT OF CONCESSION**

Concession has been granted by NHAI as the exclusive right, license and authority to construct, operate and maintain the project

## **CONCESSION PERIOD: 26 YEARS**

Beginning from Appointed Date (Date of Commencement of Construction Activities) to be notified by NHAI

## **PRESENT PROJECT STATUS**

Development Period (Phase): Initial Project Civil Works  
Construction/Operation Period: Post-Appointed Date

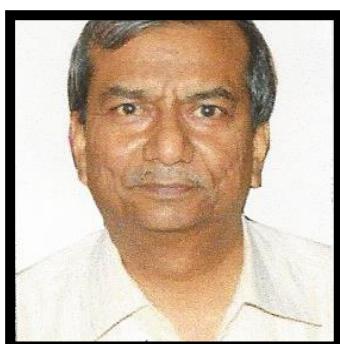
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BOARD OF DIRECTORS
OF IrconPBT
(NON-EXECUTIVE DIRECTORS)
For FY 2014-15

**NOMINATED BY IRCON INTERNATIONAL LIMITED
(IRCON)**



**MR. DEEPAK SABHLOK
CHAIRMAN
DIN: 03056457**
Designation: Director (Projects), Ircon



**MR. ANIL JAIN
DIRECTOR
DIN: 05283217**
Designation:
Executive Director/ Works, Ircon



**MR. ASHOK KUMAR GOYAL
DIRECTOR
DIN: 05308809**
Designation:
Executive Director/Projects, Ircon

KEY EXECUTIVES
OF IrconPBL
For FY 2014-15



MR. AJAY KUMAR SINGH
CHIEF EXECUTIVE OFFICER



MS. TANJIT KAUR
CHIEF FINANCIAL OFFICER

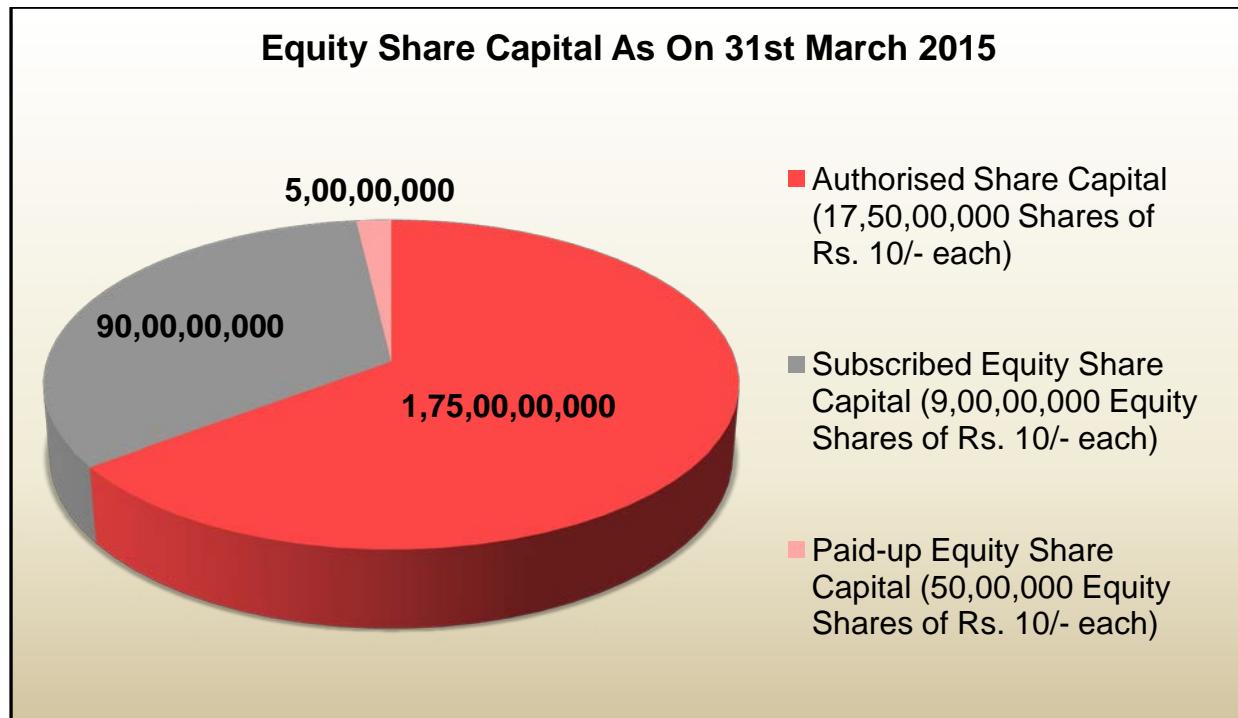


MS. SHUDODHANI
COMPANY SECRETARY

STATEMENT OF SHARE CAPITAL
(AS ON 31st MARCH 2015)

[Section 60 of Companies Act, 2013]

| Particulars of Share Capital | Amount In INR |
|--|-----------------------|
| Authorised Share Capital
(17,50,00,000 Shares of ₹ 10/- each) | 1,75,00,00,000 |
| Subscribed Equity Share Capital
(9,00,00,000 Equity Shares of ₹ 10/- each) | 90,00,00,000 |
| Paid-up Equity Share Capital
(50,00,000 Equity Shares of ₹ 10/- each) | 5,00,00,000 |



CHAIRMAN’S ADDRESS



Dear Distinguished Shareholders/Members,

At the outset, I would like to welcome you all to the First Annual General Meeting (AGM) of your Company - Ircon PB Tollway Limited (IrconPBTL). Presenting the overview of Company’s business operations for the first financial year ending 31st March 2015, I look forward for your valuable inputs and suggestions for driving and steering the Company towards achievement of robust performance.

IrconPBTL has been established as a wholly-owned subsidiary of Ircon International Limited in the previous FY 2014-15 in terms of the Concession Agreement entered with the National Highways Authority of India (NHAI), Ministry of Road Transport and Highways, on 7th day of November 2014. The Company has been incorporated primarily to execute the project of widening and strengthening of the Bikaner-Phalodi Section (NH-15) in the State of Rajasthan, with specific scope of operations as laid down in the Memorandum of Association (MOA). It is actually a separate strategic business unit being created with separate management and accounting for achievement of earmarked business goals and objectives in a time bound and cost-effective manner.

Following the Public-Private Partnership (PPP) Model, Build, Operate and Transfer (BOT) Based - Concession Contracts are being awarded by NHAI under their flagship programme NHDP Phase – IV for four-laning, two-laning and strengthening of national highways and expressways. As part of the implementation of the program, the Company has been entrusted with the work of “Four laning from km.4.200 to km 55.25 and Two-lane paved shoulder from km.55.25 to km.163.500 of the Bikaner-Phalodi Section” and we shall whole-heartedly endeavour to execute the project and deliver the desired results.

The Company as “Concessionaire” shall be constructing and operating the Project Highway for a Concession Period of 26 years. The operations are expected to commence from the Financial Year 2018-2019 when the project will come into commercial operations and start earning toll income from the toll tax levied on the passenger and commercial vehicles plying on the Highway.

Consistent profits from the project are expected to accrue over the tenure of concession period after servicing the debts and all the other liabilities and generating an adequate Return on Investment (ROI).

With such financial performance, the Company intends that its equity shareholder reap benefits in the form of cumulative distributable profits available post-deduction of all expenses and payments.

Financial and Operational Status

Company has tied up funding arrangements for the project and the commencement of construction work is likely to start within a month's time. The Project's detailed financial and operational status has been brought out in the Director's Report.

Corporate Governance

Company and its Directors aim on ensuring full accountability towards its shareholders and other stakeholders. There is responsibility towards adopting such Business Practices and Procedures which lead to achievement of business goals with fair means and measures. A Strong Written Policy on Corporate Governance is being developed to incorporate explicit guidelines and mechanisms for internal management of the Company.

Concluding Remarks

I, thereby, conclude by saying that your Company shall remain committed towards the challenging and daunting task of development of this project and would resort to best industry practices for resource allocation and management of funds in a cost effective manner.

Acknowledgement

I render sincere thanks and gratitude to the Holding Company, Ircon International Limited for continuous support and cooperation in incorporation of company and lending the financial and administrative assistance for carrying out the works of the Company and complying with the obligations stated by NHAI.

**For and on behalf of
Ircon PB Tollway Limited**

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

Date: 21.09.2015

Place: New Delhi

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DIRECTOR'S REPORT **(FY 2014 – 2015)**



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DIRECTOR’s REPORT

To

The Members of the Company

Your Directors have pleasure in presenting their 1st Annual Report on the business and operations of the Company and on the accounts for the Financial Year ended March 31, 2015.

A. COMPANY FORMATION AND ITS BUSINESS OPERATIONS – STATE OF THE COMPANY’s AFFFAIRS

IrconPBTL has been incorporated on 30th September 2014 as a Special Purpose Vehicle (SPV) by **Ircon International Limited (“IRCON”)**, its 100% holding company, pursuant to the Letter of Award issued by the National Highways Authority of India (NHAI) for executing the project of “**Widening and Strengthening of the existing Bikaner & Phalodi Section to Four lane from km 4.200 km to 55.250 and Two Lane with paved shoulder from Km 55.250 to Km 163.500 of NH-15 on Build, Operate, and Transfer (BOT) (Toll) basis in the State of Rajasthan, in accordance with the terms of the Concession Agreement with National Highways Authority of India (NHAI)**” as its main business object. Further, to carry on any other construction work that may be assigned to or secured by the Company.

Business Operations shall pertain to undertaking the work of laying the project highway and shall be governed by obligations, conditions precedent and other modalities stated in the Concession Agreement signed with NHAI.

B. CONCESSIONAIRE OBLIGATIONS – PRESCRIBED BY NHAI

A. Financial Arrangements and Financial Closure:-

NHAI had specified that the Company – IrconPBTL acting as the “Concessionaire” shall have to ensure complete financing arrangements prior to the process of initiation of construction activities at the project site. The total cost of the project was estimated to be ₹ 844 Crores. Accordingly, IrconPBTL approached its holding company, IRCON for equity infusion to the extent of ₹ 165 Crores and for extending the loan amount of ₹ 352 Crores which alongwith the grant of ₹ 327 Crores to be provided by NHAI would become equivalent to the total cost of the project to be executed being ₹ 844 Crores.

On obtaining holding company’s necessary approval for equity investment and term loan to be provided to IrconPBTL, the same was communicated to NHAI.

Further, for the loan amount to be extended, it was required to ensure execution of loan or financing documents within 180 days from the signing of the concession agreement, termed as “**FINANCIAL CLOSURE**”. This financial closure on being attained shall lead to commencement of business operations by way of establishing and executing the construction works for laying the project highway from the **Appointed Date** to be intimated by NHAI.

This financial closure date is yet to be intimated by NHAI to the Company with the submission made of the Loan Agreement executed between the Company and IRCON.

B. Commencement of Project Activities:-

After attaining Financial Closure, the Company – IrconPBT shall commence the project and undertake construction activities by investing the resources pooled from different sources of finance and issuing work orders to EPC Contractor – IRCON engaged for executing the work of development of project highway for ₹ 646 Crores.

C. FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The Company has since its incorporation only engaged in the Developmental Activities on the Project Site. There has been incorporation, administrative and non-operational expenses incurred by the Company with NIL Turnover and Reserves and Surplus presently showing Negative Balance as post-completion of Construction only, the Company shall start operating the Highway and would earn the revenues in the Form of Toll Collection.

Accordingly, the Company's Present Financial Status only reflects the amount invested into the Project Currently, with Current Liabilities and Current Assets indicating the short-term outstanding expenses and bank balance existing as on date.

Financial Position for the First FY 2014-15 is represented below:-

Table I: Assets and Liabilities as on 31st March 2015 (In Rupees Crore)

| Sr. No. | Particulars/Financial Items | | Amount |
|----------------|--|---------------|---------------------|
| a) | Total Assets | | |
| | 1. Fixed Assets | | |
| | (i) Tangible & Intangible Fixed Assets | 1 | |
| | (ii) Non-Current Investments | Nil | |
| | (iii) Deferred Tax | 39,12,617 | 39,12,618 |
| | 2. Current Assets:- | | |
| | (i) Inventory | Nil | |
| | (ii) Trade Receivables | Nil | |
| | (iii) Short-term Investments | Nil | |
| | (iv) Short-term Loans and Advances | 1,09,440 | |
| | (v) Cash and Bank Balance | 88,42,23,552 | |
| | (vi) Interest Accrued on FDR | 9,30,592 | 88,52,63,584 |
| | Total Assets (A) | | 88,91,76,202 |
| b) | Total Liabilities:- | | |
| | 1. Equity Funds & Non-Current Liabilities | | |
| | (i) Equity Share Capital | 5,00,00,000 | |
| | (ii) Reserves and Surplus # | (1,08,57,298) | |
| | (iii) Share Application Money Pending Allotment* | 85,00,00,000 | |
| | (iv) Long-term Loans and Advances | Nil | 88,91,42,702 |
| | 2. Current Liabilities | | |
| | (i) Audit Fees | 28,500 | |
| | (ii) Bills Payable/Outstanding Expenses | 5,000 | 33,500 |
| | Total Liabilities (B) | | 88,91,76,202 |

Reserves and Surplus: Reflect Administrative and Non-Operational Expenses

* Share Application Money Pending Allotment:-

The Share Application Money Pending Allotment stands equivalent to ₹ 85 Crores as depicted above and the relevant information pertaining to it, as depicted below:-

1) Authorisation for Issue and Terms and Conditions of Issue:

The Authorized Share Capital of the Company stands at Rs. 175 Crores allowing for increase in Subscribed Capital upto the Authorized Capital Base.

The Company had thereby in terms of Section 62(1)(a) of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014 made a rights issue of 8,50,00,000 equity shares to the Holding Company – Ircon International Limited (IRCON) at par, and gathered an amount of ₹ 85 Crores as received on 31st March 2015. The equity shares issued rank pari passu with the shares existing earlier with the voting rights, dividend entitlement, and bonus issue benefits arising, if any, remaining the same, proportionate to the amount of paid-up capital of the Company. Such shares were issued to meet project funding requirements, for the near future to extend mobilisation advance to the EPC Contractor – IRCON on demand placed by them.

2) Issue of Shares at Face Value:

Since the issue proceeds were to be utilised solely for meeting the project cost for execution of the Bikaner-Phalodi Project in the State of Rajasthan, the requisite number of shares were issued at face value on account of the Company, being, newly incorporated one.

3) Period of Share Allotment:

In terms of the Companies (Acceptance of Deposits) Rules, 2014, any share application money pending allotment should be allotted within 60 days from its receipt. Accordingly, the Company allotted the said shares to IRCON at its Board Meeting held on 29th April 2015 within 60 days from the date of receipt of funds as on 31st March 2015. The last date for the allotment of said shares, being, reckoned as 29th May 2015.

CASH FLOWS FROM THE PROJECT

The Cash Flows generated from the project activities during the year, are as follows:-

Table II: Depicting Cash Flows from Business Activities (FY: 2014-15)

(In Rupees Crore)

| Sr. No. | Particulars | Amount |
|---------|--|---------------------|
| 1. | Cash Flow From Operating Activities | |
| | Net Profit before Tax and Extraordinary Items | -1,47,69,915 |
| | Add/Less: Depreciation (+) and Interest Income (-) | -10,75,904 |
| | Adjustments: Working Capital Changes | -75,940 |
| | Cash Generated from Operations (A) | -1,59,21,759 |
| 2. | Cash Flow from Investing Activities | |
| | Purchase of Fixed Assets (Intangible) | -18,500 |
| | Interest Received | 1,63,811 |
| | Cash Generated from Investments (B) | 1,45,311 |
| 3. | Cash Flow from Financing Activities | |
| | Issue of Share Capital | 5,00,00,000 |
| | Receipt of Share Application Money | 85,00,00,000 |
| | Cash Generated from Financing Sources (C) | 90,00,00,000 |
| | Total Cash Flow Generated (A) + (B) + (C) | 88,42,23,552 |

The above table clearly reflects the Cash Flows arising from different sources for the Financial Year 2014-15 based on the “**INDIRECT METHOD**”, in similar way as used for preparation of the Cash Flow Statement (AS- 3) forming part of the Financial Statements of the Company.

D. MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)

The MDAR has been annexed to the Director's Report as **ANNEXURE – I**.

E. STATUS OF CONSTITUTION OF AUDIT COMMITTEE AND NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD

Since the Constitution of Statutory Committees of the Board – Audit Committee and Nomination and Remuneration Committee applies on Unlisted Public Companies with a Paid-up Capital of ₹ 10 Crores or ₹ 100 Crores or more, such constitution shall be applicable for FY 2015-16 with Paid-up Capital existing as on date 29th April 2015 as ₹ 90 Crores (Pursuant to Section 177 and Section 178 of the Companies Act, 2013).

As for FY 2014-15, the Share Capital was ₹ 5 Crores with ₹ 85 Crores reflecting as “Share Application Money Pending Allotment”, the provisions for mandatory constitution were not applicable.

Accordingly, the Constitution is under progress and the meetings for such committees shall be held as per the prescribed laws and guidelines, with adequate disclosure in the report for the Next Financial Year.

F. NUMBER OF MEETINGS OF THE BOARD AND THE ATTENDANCE OF DIRECTORS (INDICATING THEIR DIRECTORSHIP OR MEMBERSHIP IN OTHER COMPANIES AND BOARD COMMITTEES)**(i) Number of Meetings of the Board and the Attendance Record**

The Board has met for 6 number of times during the previous financial year 2014-2015 as per the provisions of the Companies Act, 2013, Meetings of Board and its Powers, Rules, 2014 and DPE (Corporate Governance) Guidelines 2010 providing for number of meetings to be held during the year and the time gap allowed between two consecutive meetings to be 90 days.

(ii) Number of Meetings of Different Committees (Constituted During the Year) and the Attendance Record

NIL as on date – Applicable from Next Year.

Table III: Details of Board Meetings Convened During the FY 2014-2015

| Sr. No. | Date of Board Meeting | Time Gap w.r.t. Previous Meeting (No. of Days) | No. of Directors Present | No. of Directors Absent |
|---------|-----------------------|--|--------------------------|-------------------------|
| 1. | Oct 8, 2014 | - | 3 | Nil |
| 2. | Oct 29, 2014 | 20 | 3 | Nil |
| 3. | Nov 26, 2014 | 27 | 3 | Nil |

| | | | | |
|----|----------------|----|---|-----|
| 4. | Jan 5, 2015 | 39 | 3 | Nil |
| 5. | Feb 3, 2015 | 28 | 3 | Nil |
| 6. | March 12, 2015 | 36 | 3 | Nil |

(iii) Details of Attendance of Directors and the Directorship or Membership in Boards or Committees thereof

The Directors of the Company have attended the Board Meetings in a regular manner offering productivity and valuable insights for the organizational functions.

Table IV: Board of Directors Representation at Meetings

| Name and Designation | Number of Meetings of the Board | Number of Board Meetings Attended | No. of Directorship in Companies | | Number of Meetings of Committees of the Board | | Number of Committee Meetings Attended | | No. of Membership/ Chairmanship in Committees of the Board of Different Companies | |
|---------------------------------|---------------------------------|-----------------------------------|----------------------------------|--------|---|---------------------------|---------------------------------------|---------------------------|---|--------|
| | | | Govt | Others | Audit | Nomination & Remuneration | Audit | Nomination & Remuneration | Govt | Others |
| Mr. Deepak Sabhlok, Chairman | 6 | 6 | 5 | 1 | NA | NA | NA | NA | 6 | - |
| Mr. Anil Jain, Director | | 6 | 3 | - | NA | NA | NA | NA | 2 | - |
| Mr. Ashok Kumar Goyal, Director | | 6 | 3 | 1 | NA | NA | NA | NA | 2 | - |

G. DIRECTOR'S RESPONSIBILITY STATEMENT (DRS)
(Pursuant to Section 134(3)(c) of Companies Act, 2013)

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

- (a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that the directors had 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 and loss of the company for that period;
- (c) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the directors had prepared the annual accounts on a going concern basis; and

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

H. STATEMENT OF DECLARATION GIVEN BY INDEPENDENT DIRECTORS U/S 149(6)

The Company has crossed the threshold limit of paid-up share capital exceeding ₹ 10 cores on 29th April 2015 (the date of allotment of further issue of shares on rights basis to the Holding Company – Ircon International Limited (“IRCON”) equivalent to ₹ 85 Crores, totalling to ₹ 90 Crores (8,50,00,000 equity shares of ₹ 10/- each)). On this basis, the requirement to appoint Independent Directors (ID's) on the board of the Company was not applicable as on 31st March 2015 with the paid-up share capital being equivalent to ₹ 5 cores only. Thereby, this provision is applicable for next FY 2015-16.

I. INTER-CORPORATE LOANS AND INVESTMENTS (SEC 185 AND SEC 186)

Loans and Investments to directors, corporates and other entities is governed by Section 185 and Section 186 of the Companies Act, 2013. The provisions demarcate conditions and % of loans and investments that could be made.

The Company has till date made no inter-corporate loans and investments and as such NIL transactions stand on date.

J. EXTRACT OF ANNUAL RETURN – MGT-9

The extract of Annual Return as per Section 92(3) read with Rule 12(1) Companies (Management and Administration) Rules, 2014 (Mandatory Requirement of the Act) has been annexed as **ANNEXURE – II**.

K. RELATED PARTY TRANSACTIONS U/S 188 – CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES IN FORM NO. AOC-2

The disclosure pertaining to the transactions entered by the Company with its related parties in FORM NO. AOC-2 has been enclosed as **ANNEXURE - III**.

L. DIVIDEND & RESERVES

Your Company having been incorporated on 30th September 2014 has not earned any profits for the Financial Year 2014-15 and thereby the Board of Directors have not proposed any dividend for the said year.

The Company has negative balance in its Reserves and Surplus A/C due to loss incurred for the first FY: 2014-15 amounting to ₹ 1,08,57,298/- on account of preliminary and administrative expenses, with the business operations to commence not before 2018.

M. DEPOSITS

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

N. ENVIRONMENT PROTECTION AND CONSERVATION, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

During the construction of the highway, to be undertaken from next financial year, adequate measures as stipulated by NHAI will be taken to ensure environment protection and conservation. Foreign earnings and outflows are not applicable for Company being solely responsible for execution of BOT based project awarded by NHAI.

O. DIRECTOR'S OBSERVATIONS AND COMMENTS FOR FINANCIAL STATEMENTS (EXPLANATIONS FOR ANY COMMENTS MADE BY AUDITORS IN THEIR REPORT)

The Financial Statements reflect a true and fair view of the accounts based on double entry system of accounting with profit and losses recorded on accrual basis, ledger posting for each and every transaction recorded in journal, preparation of trial balance, rectification of errors and balancing of accounts.

The Directors of the Company have closely evaluated the Financial Statements alongwith the Observations and Comments made by the Statutory Auditors in their Report and found it to be in complete order with nil qualifications raised by the Auditors.

P. DETAILS RELATING TO ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal Financial Controls (IFC) in relation to Financial Statements pertain to proper safeguard measures being undertaken in terms of adherence to policies and procedures being adopted, asset provisioning and recording of expenses and incomes (Financial Reporting).

As per Section 143 of the Companies Act, 2013 and the Companies (Auditor's Report) Order, 2015 (*Applicable from the date of publication in the Official Gazette*) provides for Auditors to mention in their Auditor's Report (Commencing from FY 2014-15) about the adequacy of internal financial controls existing in the Company commensurating with the size and nature of business.

Pertaining to the aforementioned matter, the Company incorporated during the last year only with implementation of project starting from FY 2015-16, shall establish stringent internal financial controls (IFC) for ensuring all business transactions being done through specific management authorisation with proper recording and posting of transactions. Further, a physical or software based control system may be deployed to render more effective management. This shall also include ensuring payments, withdrawals and deposits being made from or into Escrow Bank Account maintained by Company (as per Concession Agreement with NHAI).

Existing framework involves that on specific approval of Board or Authorised Officer; the transactions are entered into and recorded.

Q. RISK MANAGEMENT

Considering the significance of having a "Risk Management Policy" for identification of elements of risk applicable to the Company, the Company has estimated a construction period of 2.50 years inclusive of possible delays, kept a 3 year moratorium period, repayment of principal and debt starting not before April 2018 (for debt servicing) and in case of project cost overruns – NHAI's support available.

Company has developed a Financial Model ascertaining the Toll Rates, Expected Revenues from Operations and Estimated Net Profit for the Concession Period. In line with the same, revisions in toll rates affecting business profitability shall be carried out in a timely manner and variations from budgeted estimates shall be calculated and measures would be taken to control the same.

Certain Risk Management Parameters have been identified by the Company as detailed below:-

Table V: Risk Elements Relative to Project

| Sr. No. | Risk Elements | Description |
|----------------|--------------------------------|---|
| 1. | Construction Period | Delay in Construction Period is a major factor to be controlled with delay in scheduled commercial date of operations (COD) |
| 2. | Debt Service Ratio | Company has to ensure timely debt repayments to reduce risk of default |
| 3. | Traffic – Related Revenue Risk | Revenue Potential from Commercial Traffic is high but subject to volatility in economic cycles. |

A detailed risk management policy will be devised and made functional during the next Financial Year.

R. PARTICULARS OF EMPLOYEES

Pursuant to the provision of Section 217 (2A) of the Companies Act, 1956, read with the Companies' (Particulars of Employees) Rules, 1975, as amended from time to time, none of the employees of the Company was in receipt of remuneration of more than ₹ 60 Lakh per annum or ₹ 5,00,000/- per month.

S. REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance has been annexed to this Report as **ANNEXURE – IV.**

T. STATUTORY AUDITORS

The Statutory Auditor for the Company as appointed by the Comptroller and Auditor General of India (C&AG) is M/s K L Aggarwal & Associates, Chartered Accountants, 907, Gopal Heights, Netaji Subhash Place, Pitampura, Delhi – 110034.

U. BANKERS TO THE COMPANY

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

V. SECRETARIAL AUDITOR AND INTERNAL AUDITOR

The requirement to engage Secretarial Auditor and Internal Auditor was not applicable for FY: 2014-15 with paid-up share capital being ₹ 5 Crores as on 31st March 2015. From next succeeding FY:

2015-16 the mandatory appointments of Secretarial and Internal Auditor shall be made, on crossing the limit of ₹ 50 Crores or more paid-up share capital.

W. CSR COMMITTEE

The Company as on date is not required to constitute the Corporate Social Responsibility (CSR) Committee due to not falling within the purview of Net Worth of ₹ 500 Crores or more, Turnover of ₹ 1,000 Crores or more or Net Profit of ₹ 5 Crores or more. (Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

X. DETAILS OF SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company has no subsidiaries, associate or joint venture companies.

Y. DETAILS OF MATERIAL CHANGES OR COMMITMENTS AFFECTED FROM THE DATE OF CLOSE OF THE FINANCIAL YEAR TILL THE DATE OF REPORT OF AGM

Certain essential business matters undertaken post-balance sheet date, are stated hereunder:-

| Sr. No. | Particulars | Description |
|----------------|---|---|
| 1. | Submission of Agreements and Undertakings to NHAI | Loan, Substitution and Escrow Agreement submitted to NHAI |
| 2. | Financial Closure | Achieved by the Company |
| 3. | Allotment of Equity Shares | 8,50,00,000 Equity Shares allotted to IRCON on rights basis at face value |

Z. GENERAL INFORMATION FOR SHAREHOLDERS**(i) Key Policies & Regulations:-**

The Company believes in following policies in line with those followed by Ircon International Limited – its Holding Company in terms of delegation of powers to Officers and authorising the personnel in their respective capacities.

The Power to Appoint Directors on the Board of the Company rests with the Holding Company – Ircon except additional, alternate or causal directors. Further, the Chairman of the Company in terms of Article 59 of the Articles of Association of the Company reserves for the decision of the Holding Company – Ircon any important issues that may be felt by Chairman to be decided by the Holding Company.

(ii) Audited Annual Financial Results

The Statement of Audited Financial Results and the Cash Flow Statement for the year ended March 31, 2015 was approved by the Board of Directors at their meeting held on July 27, 2015 as provided in this Annual Report.

(iii) CEO and CFO Certification

The Chief Executive Officer (CEO) – Mr. A K Singh and Chief Financial Officer (CFO) – Mrs. Tanjit Kaur have certified that the Financial Statements of the Company reflect a true and fair view of the Company's Affairs and contains all material information. The said certificate has been attached as **ANNEXURE – V.**

**For and on behalf of Board of Directors
of Ircon PB Tollway Limited**

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

Date: 26.08.2015

Place: New Delhi

MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDAR)**(i) Industry Structure and Developments**

Construction Industry over the years with respect to construction of roads and highways is spearheading towards more growth and more capital contribution being made to develop and operate such projects on BOT Basis as awarded by NHAI.

NHAI is awarding such projects enabling investors and contractors to earn stable incomes with less risk of loss or uncertainties based on area's traffic assessment as compared to other industries where demand and supply factors alongwith availability of substitutes as service providers. Herein such projects when awarded are critically evaluated before issue of letter of acceptance to the party in terms of credibility and financial position to execute the project, making estimated earnings from such projects less susceptible from market ups and downs.

As such NHAI under its flagship programme NHDP-Phase IV has taken as the challenge to develop, expand the National Highways (NH) network in the Country. For implementation of the scheme, the work of widening and strengthening of the Bikaner-Phalodi Section (NH-15) in the State of Rajasthan for which tender was floated by NHAI in which Ircon International Limited (IRCON – 100% Holding Company) participated, bagged the contract for execution and formulated SPV named as Ircon PB Tollway Limited. This project based on industrial trends has growth potential and has increased propensity to make huge collections from highway consumers relative to inflation rates existing in the economy.

(ii) Strengths and Weaknesses**➤ Strengths**

Due to increased focus of government on infrastructure sector, the roads and highways network is going to expand further with more and more investments flowing into it. Good growth in road traffic is in a way impetus for priority sector development by Government of India – Make in India and Industrial Corridors adding up to the demand for better road connectivity and smooth flow of traffic. Rate of growth in Traffic on highways is expected to rise with more economic and industrial developments in the next two years. With a growing population in India, demand for road transport would increase further by 2020, implying more investments and more returns.

➤ Weaknesses

- (i) Chances of Natural disadvantage are there.
- (ii) Construction Projects relating to highways face issues with respect to efficiency in delivering timely output.
- (iii) Unexpected cost escalations due to increase in price of petroleum products and natural materials.

(iii) Opportunities and Threats

➤ Opportunities

- (i) Continuous rising vehicles on the roads and highways shall bring stability and growth in operations and the related profitability.
- (ii) Development of Estimated Benefit –Cost Analysis Model for Highway Projects helps in quantifying expected revenues (toll income) over a long-period of time, as compared to rendering of other services.

➤ Threats

- (i) Delay in implementation of highway project not only increases the project costs but also affect revenues due to limited concession period and increased burden of interest payments.
- (ii) In BOT projects, cost of inputs has to be maintained at estimated levels and forecast of traffic has to be achieved with less scope for variations.

(iv) Outlook

National Highways Authority of India (NHAI) under its flagship project “National Highways Development Program (NHDP)” is planning to give further boost to the construction industry by way of awarding more highway projects and encouraging private partnerships and use of innovative technologies for development.

(v) Risks and Concerns

- Performance Management is a daunting task.
- Existing Risk Assessment Models for construction projects are not at par with practices followed in developed countries.

(vi) Discussion on financial performance with respect to operational performance

The Board of Directors and the Senior Management of the Company in consultation with the holding company, has developed a Financial Model indicating the Financing Structure, Operational Revenues, Costs and resultant effect on balance sheet of the Company.

The Company shall start earning revenues after construction is completed within an estimated time of 30 months from the FY 2018-2019, with liability of repayment of interest and principal starting from April 2018 only, providing adequate financial cushion to the Company for the loan to be taken for ₹ 352 Crores from Holding Company.

Current Operational and Non-Operational Income and Expenses break-up for the FY 2014-2015 for the period from 30.09.2014 to 31.03.2015 (Date of Incorporation of the Company till the close of the Financial Year of the Company) is detailed below:-

Table VI: Present Financial Situation

| Particulars | | For the Period From
30th Sept 2014 to 31st March 2015 |
|--------------------|---|---|
| I. | Revenue : | |
| | Revenue from operations (1) | - |
| | Other income (2) | 10,94,403 |
| | Total Revenue (3) = (1) + (2) | 10,94,403 |
| | | |
| II. | Expenses:* | |
| | Operating Expenses (4) | - |
| | Non-Operating and Administrative Expenses : (5) | |
| | - Non- Operating Expenses | 15,811,553 |
| | - Administrative & Other Expenses | 33,566 |
| | Depreciation (6) | 18,499 |
| | Finance Costs (7) | 700 |
| | Total Expenses (8) = (4) + (5) + (6) + (7) | 15,864,318 |
| | | |
| III. | Operating Profit Before Tax (9) = (3 – 4) | 10,94,403 |
| IV. | Profit Before Tax (10) = (9) – (5 + 6 + 7) | (1,47,69,915) |

*** Note: All Incomes and Expenses have been recorded on Accrual Basis and Current Operational Expenses stands at NIL.**

(vii) Material developments in Human Resources, Industrial Relations front, including number of people employed

The Company has appointed the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and the Company Secretary of the Company for handling the executive functions, financial affairs and mandatory compliances and disclosures of the Company.

Further appointments if any, shall be done on the basis of requirements with Nomination and Remuneration Committee of the Board, looking into the essential qualifications and skills and capability parameters, before arriving at any decision.

FORM NO. MGT- 9
EXTRACT OF ANNUAL RETURN

As on the Financial Year Ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|---|---|
| 1. | CIN:- | U45400DL2014GOI272220 |
| 2. | Registration Date | 30 th September 2014 |
| 3. | Name of the Company | Ircon PB Tollway Limited |
| 4. | Category/Sub-category of the Company | Company Limited by Shares/Union Government Company (Wholly-owned Subsidiary Company of Ircon International Limited) |
| 5. | Address of the Registered Office & Contact Details | Address: C-4, District Centre, Saket, New Delhi - 110017, Contact No.: 011-29565666 |
| 6. | Whether Listed or Unlisted Company | Unlisted Company |
| 7. | Name, Address & Contact details of the Registrar & Transfer Agent, if any. | Not Applicable |

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

| S. No. | Name and Description of Main Products / Services | NIC Code of the Products/Services | % to Total Turnover of the Company |
|--------|--|-----------------------------------|------------------------------------|
| 1. | Rendering Services in the nature of construction of Project Highway on Bikaner-Phalodi Section (NH-15) in the State of Rajasthan:

Construction Services: Highway Project (Through EPC Contractor) | 42101 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| S.No. | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary / Associate | % of Shares held | Applicable Section |
|-------|---------------------------------|-----------------------|---------------------------------|------------------|--------------------|
| 1. | IRCON INTERNATIONAL LIMITED | U45203DL1976GOI008171 | HOLDING COMPANY | 100% * | Sec 2(87) |

* 100%: 100% Shares held by Ircon International Limited (IRCON) and its 6 Nominees.

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

A) CATEGORY-WISE SHARE HOLDING:

| Category of Shareholders | No. of Shares held at the beginning of the year
[As on 31-March-2014] | | | | No. of Shares held at the end of the year
[As on 31-March-2015] | | | | % Change during the year |
|--|--|------------|------------|-------------------|--|----------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp.# | Nil | Nil | Nil | Nil | Nil | 5000000 | 5000000 | 100% | 100% |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| (2) Foreign | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoters (A) | Nil | Nil | Nil | Nil | Nil | 5000000 | 5000000 | 100% | 100% |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks / FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | - | - | - | - | - | - | - | - | - |

| 2. Non-Institutions | | | | | | | | | |
|---|------------|------------|------------|------------|------------|----------------|----------------|-------------|-------------|
| a) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | - | - | - | - | - | - | - | - | - |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | - | - | - | - | - | - | - | - | - |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | - | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | Nil | Nil | Nil | Nil | Nil | 5000000 | 5000000 | 100% | 100% |

Bodies Corporate: 100% Shareholding is with Body Corporate – Ircon International Limited and its 6 Nominees for meeting the statutory requirement of 7 members for incorporating a Public Limited Company. Nominee Shareholders are holding shares merely for fulfillment of the obligations arising under Companies Act, 2013 and its associated rules thereunder.

B) SHAREHOLDING OF PROMOTERS:

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % Change in Shareholding during the Year |
|----|--------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of Total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of Total Shares of the company | % of Shares Pledged / encumbered to Total Shares | |
| 1 | Ircon International Limited \$ | - | - | - | 5000000 | 100% | Nil | Nil |
| | Total | - | - | - | 5000000 | 100% | Nil | Nil |

\$ Shareholding of Promoters: Company is wholly-owned subsidiary of Ircon International Limited – with 50,00,000 Equity Shares of ₹ 10/- each i.e. Entire Shareholding held by Indian Promoters.

The other 6 shareholders are Nominees of Ircon International Limited as per mandatory requirement for formation of Public Limited Company (PLC).

C) CHANGE IN PROMOTERS' SHAREHOLDING:

| SN | Particulars | Shareholding at the beginning of the Year* | | Cumulative Shareholding during the Year* | |
|----|--|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | At the Beginning of the Year | Nil | - | Nil | - |
| 2. | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):

(a) Date of Allotment: Oct 29, 2014
Increase in Number of Shares
Class of Shares: Equity Shares | 5000000 | 100% | 5000000 | 100% |
| 3. | At the End of the Year | 5000000 | 100% | 5000000 | 100% |

* Year: Denotes Financial Year beginning from 1st April to 31st March.

D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:

(OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

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

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

| SN | Name of Director(s) # | Shareholding of Each Director(s) and Each Key Managerial Personnel | Shareholding at the beginning of the Year* | | Cumulative Shareholding during the Year* | |
|----|-----------------------|---|--|----------------------------------|--|----------------------------------|
| | | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1. | Mr. Deepak Sabhlok | At the Beginning of the Year | Nil | - | Nil | - |
| 2. | Mr. Anil Jain | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | | | | |
| 3. | Mr. Ashok Kumar Goyal | Date of Allotment: Oct 29, 2014
Increase in Number of Equity Shares | 100 | 0.002 | 100 | 0.002 |
| | | At the End of the Year | 100 | 0.002 | 100 | 0.002 |

The Directors of the Company hold shares as Nominees of IRCON (For and on behalf of IRCON INTERNATIONAL LIMITED); nominated by the 100% Holding Company for meeting statutory minimum number of seven members required at the time of incorporation as public limited company (IRCON and its 6 Nominees).

Each Director holds same number of equity shares.

* Year: Denotes Financial Year beginning from 1st April to 31st March.

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

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

B. REMUNERATION TO OTHER DIRECTORS:

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

\$ Executive and Non-Executive Directors: The Company may appoint Executive Directors (Managing Director/Whole Time Director/Manager) on its Board on Holding Company – Ircon's approval and appointment or nomination, whenever felt necessary thereof. Currently, Company has three Non-Executive Directors on its payroll, drawing Nil Remuneration in terms of Sitting Fees or Commission.

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

| SN | Particulars of Remuneration @ | Key Managerial Personnel | | | |
|----|---|--------------------------|------------|------------|------------|
| | | CEO | CS | CFO | Total |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | others, specify... | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | NIL | NIL | NIL | NIL |

@ Remuneration: Since the remuneration pertains to Financial Year 2014-2015; it stands at NIL for all Key Managerial Personnel (KMP) as all the KMP have been appointed on Nomination/Secondment basis by IRCON – Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

FORM NO. AOC-2

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

Form for Disclosure of Particulars of Contracts/Arrangements entered into by the Company with Related Parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

| Sr. No. | Particulars | Description |
|----------------|---|---|
| 1. | <i>Details of Contracts or Arrangements or Transactions not at Arm's Length Basis</i> | <i>NIL</i> |
| 2. | Name(s) of the related party and nature of relationship | NIL |
| 3. | Nature of Contracts/Arrangements/Transactions | NIL |
| 4. | Duration of the Contracts/Arrangements/Transactions | NIL |
| 5. | Salient terms of the Contracts or Arrangements or Transactions including the value, if any | NIL |
| 6. | Justification for entering into such contracts or arrangements or transactions | NIL |
| 7. | Date(s) of approval by the Board | NIL |
| 8. | Amount paid as advances, if any: | NIL |
| 9. | Date on which the special resolution was Passed in general meeting as required under first proviso to section 188 | NIL |
| 10. | <i>Details of Material Contracts or Arrangements or Transactions at Arm's Length Basis #</i> | <i>AS SPECIFIED BELOW:-</i> |
| 11. | Name(s) of the related party and nature of relationship | Ircon International Limited,
Holding Company |
| 12. | Nature of contracts or arrangements or transactions | EPC Agreement
(For Appointing Ircon International Limited as EPC Contractor for execution of project works of construction of four or two lane project highway as per scope of work awarded including development of project facilities) |
| 13. | Duration of the contracts or arrangements or transactions | Estimated Duration: 30 Months
(Period for Construction by EPC Contractor) |
| 14. | Salient terms of the Contracts or Arrangements or Transactions including the value, if any | The Contract has been executed for a value of ₹ 646 Crores for execution of development of project highway. |
| 15. | Date(s) of approval by the Board, if any: | January 5, 2015 & April 29, 2015 |
| 16. | Amount paid as advances, if any: | NIL (AS ON DATE) |

ANNEXURE – IV**REPORT ON CORPORATE GOVERNANCE**

The Company being a government entity focuses on adherence to “**Corporate Governance Measures**” being adopted for effective business functioning and conduct of transactions in a transparent manner. It strictly follows timely tested corporate functioning mechanisms and doesn’t focus on adhoc planning or decision making. Proper accountability is fixed on Company officers ensuring adoption of due diligence and ethical and professional business practices.

Philosophy of Company: Corporate functioning is programmed with Statutory Compliances and governance structure is aligned with maximizing profitability in line with protection of stakeholder’s interest.

a) Composition of Board:-

The Company has a non-executive board with its members as Mr. Deepak Sabhlok, Chairman, Mr. Anil Jain, Director and Mr. Ashok Kumar Goyal, Director. The Board Members have been nominated by the holding company as Non-functional Nominee Directors. They are only entitled to Sitting Fees for attending the Board and Committee Meetings as per the ceiling limits provided in the Companies (Meetings of Board and its Powers) Rules, 2014. Apart from that they are drawing Remuneration from the holding company only with no other pecuniary relationship existing with other subsidiaries or associate or joint venture companies of the Holding Company.

b) Meetings of the Board and Shareholders:-

The Meetings of the Board of Directors and Shareholders have been convened with regard to the Companies Act, 2013 provisions, Companies (Management and Administration) Rules, 2014 and Companies (Meetings of Board and its Powers) Rules, 2014. Proper notices were issued alongwith agenda papers being circulated on time. Detailed explanations were offered at the Board and Shareholder Meetings for the perusal of the Directors and Shareholders with structured proposals being presented to address specific issues. For details pertaining to number of board meetings and director’s attendance, refer section on “**NUMBER OF MEETINGS OF THE BOARD AND THE ATTENDANCE OF DIRECTORS.**” The details of general meetings convened during the previous financial year are specified below:-

Table VII: General Meetings

| Sr. No. | Type of Shareholder Meeting | Date of Meeting | For Transacting | |
|---------|---|--|-------------------|---|
| | | | Ordinary Business | Special Business |
| 1. | First Extraordinary General Meeting (EGM) | February 3, 2015 | NA | Borrowing Powers of Company in excess of paid-up Share Capital and Free Reserves u/s 180(1)(c) of Companies Act, 2013 |
| 2. | First Annual General Meeting (AGM) | First AGM to be held since Incorporation | NA | NA |

NA denotes: Not Applicable

c) Disclosures and Statutory Compliances:-

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

d) Certificate for Compliance with Corporate Governance Guidelines

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

The said certificate was obtained from the Practising Company Secretaries (PCS), Arun Kumar Gupta and Associates, Company Secretaries, having office at 1005, Roots Tower, Plot No. 7, District Centre, Laxmi Nagar, Delhi – 110092, for the Financial Year 2014-15, and is attached herewith as **ANNEXURE – IV(I)**.

ANNEXURE – IV(I)

**Arun Kumar Gupta & Associates
COMPANY SECRETARIES**

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

To,
The Members of
Ircn PB Tollway Limited
C-4, District Center, Saket,
New Delhi-110017

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2015, by Ircn PB Tollway Limited, a Government Company under section 2 (45) of the Companies Act, 2013 (corresponding sections 2(18) and 617 of the Companies Act, 1956) as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE).

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

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

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

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

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

The Company has a non-executive board only of three Non Functional, Nominee Directors nominated by its Holding company i.e. Ircn International Limited.

Further, various committees of independent Directors such as Audit Committee, Remuneration Committee are not applicable on the company as paid-up capital of the company is Rs.5 crores as on 31st March 2015 and company does not have any subsidiary company.

**For Arun Kumar Gupta & Associates
Company Secretaries**

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

**Place: New Delhi
Date: 26/08/2015**

ANNEXURE – V

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

We have reviewed the Financial Statements including the Balance Sheet, Statement of Profit And Loss and the Cash Flow Statement for the Financial Year 2014-2015 and to the best of our knowledge and belief:-

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

Sd/-

**Mr. A K Singh
Chief Executive Officer (CEO)**

Sd/-

**Mrs. Tanjit Kaur
Chief Financial Officer (CFO)**

**Date: 29.07.2015
Place: New Delhi**

AUDITOR’S REPORT **(FY 2014-2015)**



INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF IRCON PB TOLLWAY LIMITED, NEW DELHI

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of IRCON PB TOLLWAY LIMITED (“the Company”) which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit & Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management’s Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors’ Responsibility

Our responsibility is to express an opinion on these standalone 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 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 control 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 standalone financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) of the state of affairs of the Company as at March 31st 2015,
- (b) its loss for the year ended on that date, and
- (c) its cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

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 purpose of audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet and the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - a) The Company does not have any pending litigations which would impact its financial position.

- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K L Aggarwal & Associates
Chartered Accountants
FRN 001855N

Sd/-
(CA Ankur Agarwal)
Partner
Membership No. 509073

Place: New Delhi

Date: 27.07.2015

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (5) thereof)

- i. Based on our scrutiny of the Company's books of accounts and other records and according to the information and explanations received by us from the management, we are of the opinion that the question of commenting on maintenance of proper records of fixed assets and physical verification of fixed assets does not arise since the company had no fixed assets as on 31st March, 2015 nor at any time during the period ended 31st March, 2015.
- ii. As the company has not purchased/billed construction material during the period nor is there any closing stock, requirement of reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.

According to the information and explanation given to us by the management and records produced, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, the requirements under para 3(iii) (a) & (b) of the Companies (Auditor's Report) Order 2015 are not applicable to the Company.

In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.

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

The maintenance of cost records as required under section 148(1) of the Companies Act, 2013 are not applicable to company.

- a. According to information and explanation given to us, and as per our examination of records of the Company, we are of the opinion that the Company has allotted TAN on 13.01.2015 and the Company has not transacted any business during the period ended 31st March, 2015. Hence, the question of commenting on regularity in depositing undisputed statutory dues including provident fund, income tax, sales tax, wealth-tax, service-tax, custom duty, excise duty, value added tax, cess and any other statutory dues applicable with the appropriate authorities, does not arise. Employees' State Insurance is not applicable to the Company. According to the information and explanation given to us, there are no undisputed statutory dues outstanding as on 31.03.2015. Hence, the question of undisputed statutory dues outstanding for a period of more than six months from the date the same become payable, does not arise.
- b. According to information and explanation given to us, and as per our examination of records of the Company no dues on account of sales tax, entry tax, trade tax, income tax, custom duty, royalty, wealth tax, provident fund, excise duty and cess matters that have not been deposited on account of dispute as on 31.3.2015.

| Name of the statute | Nature of disputed Dues | Amount outstanding
(in ₹ Crores) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|-------------------------|-------------------------------------|------------------------------------|--------------------------------|
| Nil | | | | |

- c. The Investor Education & Protection Fund is not applicable to the Company.
- viii. The company was incorporated on 30.09.2014. Since a period of five years has not elapsed since the date of incorporation as at the balance sheet date, we are of the opinion that no comment is required under this clause (viii) of para 3 of the Order regarding the erosion of 50% or more of net worth and cash losses in the current and immediately preceding financial year.
- ix. The Company is a debt free Company, so the question of default by the Company in repayment of dues to financial institution, bank or debenture holder does not arise.
- x. According to the records of the company and the information and explanations provided by the management, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- xi. The Company is a debt free Company, so the question of use by the Company of term loan for the purpose for which it was given, does not arise.
- xii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For K L Aggarwal & Associates
 Chartered Accountants
 FRN 001855N

Sd/-
(CA Ankur Agarwal)
Partner
Membership No. 509073

Place: New Delhi
Date: 27.07. 2015

ANNUAL ACCOUNTS **(FY 2014-2015)**

FINANCIAL STATEMENTS OF IRCON PB TOLLWAY LIMITED
(CIN: U45400DL2014GOI272220)

FOR THE PERIOD FROM: 30.09.2014 to 31.03.2015

BALANCE SHEET
As At 31st March 2015

(Figure in INR)

| Particulars | | Note No. | As at 31st March 2015 | |
|--------------------|--|-----------------|------------------------------|--------------------|
| I. | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders' funds | | | |
| | (a) Share capital | 2 | 50,000,000 | |
| | (b) Reserves and surplus | 3 | (10,857,298) | 39,142,702 |
| 2 | Share Application Money Pending Allotment | 4 | 850,000,000 | 850,000,000 |
| 3 | Current liabilities | | | |
| | (a) Trade payables | 5 | 5,000 | |
| | (b) Other current liabilities | 6 | 28,500 | 33,500 |
| | | TOTAL | | 889,176,202 |
| II. | ASSETS | | | |
| 1 | Non-current assets | | | |
| | (a) Fixed Assets | | | |
| | - Intangible Assets | 7 | 1 | |
| | (b) Deferred Tax Asset | 8 | 3,912,617 | 3,912,618 |
| 2 | Current assets | | | |
| | (a) Cash and Bank balances | 9 | 884,223,552 | |
| | (b) Interest accrued on FDR | | 930,592 | |
| | (c) Short term loans and advances | 10 | 109,440 | 885,263,584 |
| | | TOTAL | | 889,176,202 |
| III. | Significant Accounting Policies | 1 | | |
| IV. | Notes forming part of Financial Statements | 13 | | |

As per our Report of even date attached

For and on behalf of IRCON PB TOLLWAY LIMITED

For KL Aggarwal &
Associates
Chartered Accountants
FRN 001855N

Sd/-
(Deepak Sabhlok)
Director
DIN 03056457

Sd/-
(Anil Jain)
Director
DIN 05283217

Sd/-
(A K Goyal)
Director
DIN 05308809

Sd/-
Ankur Aggarwal
Partner
M. No. 509073

Sd/-
A K Singh
Chief Executive
Officer

Sd/-
Tanjit Kaur
Chief Financial
Officer

Sd/-
Shudodhani
Company
Secretary

Place: New Delhi
Date: 27.07.2015

STATEMENT OF PROFIT AND LOSS
For the Period from 30th September 2014 to 31st March 2015

(Figure in INR)

| Particulars | | Note No. | For the period from 30 th Sept 2014 to 31 st March 2015 |
|-------------|--|----------|---|
| I. | Revenue :
Revenue from operations
Other income | 11 | -
1,094,403 |
| | Total Revenue | | 1,094,403 |
| II. | Expenses:
Administrative expenses :
- Preliminary expenses W/Off
- Administrative Expenses
- Recruitment exp
- Misc Operating Exp
Depreciation/Amortization for year
Financing Expenses
-Bank Charges | 12 | 15,811,553
28,500
5,000
66
18,499
700 |
| | Total Expenses | | 15,864,318 |
| III. | Profit Before Tax (I - II) | | -14,769,915 |
| IV. | Tax expense:
(1) Current tax
- For the year
- For earlier years (net)
(2) Deferred tax (net) | | (3,912,617) |
| | Total Tax Expense | | (3,912,617) |
| V. | Profit for the year (III - IV) | | -10,857,298 |
| VI. | Earnings per equity share - Basic and Diluted (in ₹) | | -2.17 |
| VII. | Significant Accounting Policies | 1 | |
| VIII. | Prior period adjustments | | |
| IX. | Notes forming part of Financial Statements | 13 | |

As per our Report of even date attached

For and on behalf of IRCON PB TOLLWAY LIMITED

For KL Aggarwal &
Associates
Chartered Accountants
FRN 001855N

Sd/-
(Deepak Sabhlok)
Director
DIN 03056457

Sd/-
(Anil Jain)
Director
DIN 05283217

Sd/-
(A K Goyal)
Director
DIN 05308809

Sd/-
Ankur Aggarwal
Partner
M. No. 509073

Sd/-
A K Singh
Chief Executive
Officer

Sd/-
Tanjit Kaur
Chief Financial
Officer

Sd/-
Shudodhani
Company
Secretary

Place: New Delhi
Date: 27.07.2015

CASH FLOW STATEMENT
For the Year Ended 31st March 2015

(Figure in INR)

| Particulars | | 2014-15 | |
|---|-------|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit before taxation & extraordinary items | | -14,769,915 | |
| Adjustment for : | | | |
| Depreciation, amortization and impairment | | 18,499 | |
| Interest Income | | -1,094,403 | |
| Provisions - (Additions - Write back) (Net) | | - | |
| Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents | | - | |
| Operating Profit before working capital changes | (1) | -15,845,819 | |
| Adjustment for : | | | |
| Decrease / (Increase) in Trade Receivables / Loans & Advances | | - | |
| Decrease / (Increase) in Inventories | | - | |
| Decrease / (Increase) in Other Assets | | -109,440 | |
| (Decrease) / Increase in Trade Payables | | 5,000 | |
| (Decrease) / Increase in Other Liabilities & Provisions | | 28,500 | |
| | (2) | -75,940 | |
| Cash generated from operation | (1+2) | -15,921,759 | |
| NET CASH FROM OPERATING ACTIVITIES | (A) | -15,921,759 | -15,921,759 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets including Capital WIP | | -18,500 | |
| Repayment of Loan from Holding Company | | - | |
| Interest Received | | 163,811 | |
| Investment in Equity and Bonds | | - | |
| (Purchase) / Sale of Current Investment (Net) | | - | |
| NET CASH FROM INVESTING ACTIVITIES | (B) | 145,311 | 145,311 |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Share Capital | | 50,000,000 | |
| Share Application Money | | 850,000,000 | |
| Dividend (including Dividend Distribution Tax) paid | | - | |
| NET CASH FROM FINANCING ACTIVITIES | (C) | 900,000,000 | 900,000,000 |
| Effect of Exchange differences on translation of Foreign Currency Cash & Cash Equivalents | (D) | | - |

| | | |
|---|-----------|--------------------|
| NET INCREASE IN CASH & CASH EQUIVALENT | (A+B+C+D) | 884,223,552 |
| CASH AND CASH EQUIVALENT (OPENING) | (E) | - |
| CASH AND CASH EQUIVALENT (CLOSING) | (F) | 884,223,552 |
| NET INCREASE IN CASH & CASH EQUIVALENT | (F - E) | 884,223,552 |

Note:

1. Cash and cash equivalents consist of cash in hand and balances with banks.
2. Figures in brackets represent outflow of cash.

As per our Report of even date attached

For and on behalf of IRCON PB TOLLWAY LIMITED

For KL Aggarwal &
Associates
Chartered Accountants
FRN 001855N

Sd/-
(Deepak Sabhlok)
Director
DIN 03056457

Sd/-
(Anil Jain)
Director
DIN 05283217

Sd/-
(A K Goyal)
Director
DIN 05308809

Sd/-
Ankur Aggarwal
Partner
M. No. 509073

Sd/-
A K Singh
Chief Executive
Officer

Sd/-
Tanjit Kaur
Chief Financial
Officer

Sd/-
Shudodhani
Company
Secretary

Place: New Delhi
Date: 27.07.2015

NOTES TO ACCOUNTS

Note No. 1

1. SIGNIFICANT ACCOUNTING POLICIES – IRCON PB TOLLWAY LIMITED

(i) Basis of Preparation

- (a) The financial statements are prepared according to the historical cost convention on accrual basis and in line with the fundamental accounting principles of prudence, consistency and materiality.
- (b) The financial statements are reported in Indian rupees except where otherwise stated.

(ii) Statement of Compliance

The financial statements are prepared on the basis of generally accepted accounting principles in India and in accordance with Companies Act, 2013 & Companies Act, 1956.

(iii) Fixed assets

Tangible Assets

Tangible assets are stated at historical cost less accumulated depreciation and impairment loss, if any.

- (a) The machinery spares which can be used only in connection with an item of Tangible asset and whose use is expected to be irregular are capitalized & depreciated/amortized over the balance life of such Tangible assets.
- (b) Incidental expenditure during construction period incurred up to the date of commissioning is capitalized.

Intangible Assets

Intangible assets are recognised 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.

(iv) Cash and Bank Balances

Cash and bank balances comprise of cash at bank, cash in hand, cheques in hand, demand deposits and bank deposits with maturity period upto 12 months from balance sheet date.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and bank balances, cheques in hand and demand deposits net of bank overdrafts.

(v) Accounting for Preliminary and other expenses

All expenditure including general administrative overhead, consultancy charges etc are charged to statement of Profit and Loss as and when incurred.

(vi) Depreciation & Amortisation**Tangible Assets**

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

In case of leasehold land (other than perpetual lease) and leasehold property, depreciation is provided proportionately over the period of lease.

Tangible Assets acquired during the year, individually costing up to ₹ 5000/- are fully depreciated, by keeping Re. 1 as token value for identification.

Intangible Assets

Software cost exceeding ₹ 25 Lakhs each is amortised over a period of 36 months on straight line basis from the date of successful commissioning of the software subject to review at each financial year end. Software cost up to ₹ 25 Lakhs in each case is fully amortised in the year of purchase, by keeping ₹ 1 as token value for identification.

(vii) Taxes

- a) Taxes including current income tax are computed using the applicable tax rates and tax laws. Liability for additional taxes, if any, is provided / paid as and when assessments are completed.
- b) Deferred income tax is computed using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(viii) Segment Reporting

The Company has no diversification in the business, hence, there is no segment reporting.

(ix) 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 if the probability of outflow of resource is remote.
- (b) Contingent Assets are neither recognised, nor disclosed.
- (c) Contingent Liability and Provisions needed against Contingent Liability and Contingent Assets are reviewed at each balance sheet date.
- (d) Contingent Liability is net of estimated provisions considering possible outflow on settlement.

Note No. 2

2 Share capital

(Figure in INR)

| Particulars | As at 31st March 2015 |
|---|-----------------------|
| Authorized
17,50,00,000 Equity shares of Rs 10 each | 1,750,000,000 |
| Issued, Subscribed & Paid-up
50,00,000 Equity shares of Rs 10 each-fully paid | 50,000,000 |
| T O T A L | 50,000,000 |

i) Distribution of number of shares held:

| Particulars | As at 31st March 2015 | |
|---|-----------------------|-------------|
| | No. of Shares | % age |
| Government of India in the name of the President of India and Government nominees | | |
| IRCON INTERNATIONAL LIMITED | 5,000,000 | 100.000% |
| Total | 5,000,000 | 100% |

ii) Shares issued other than cash

No bonus shares issued

iii) Terms/rights attached to shares:

(a) Voting

The Company has only one class of equity shares having a par value of Rs10 per share. Each holder of equity share is entitled to one vote per share.

(b) Dividends

No dividend is proposed as Company has not yet started its commercial operations.

(c) Liquidation

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all

preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iv) Reconciliation of the number of equity shares and share capital:

| Particulars | As at 31st March 2015 | |
|---|------------------------------|-----------------------|
| | No. of Shares | ₹ Rs Crores |
| Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year | - | - |
| Add: Shares issued during the year | 5,000,000 | 50,000,000.00 |
| Issued, subscribed and fully paid up equity shares outstanding at the end of the year | 5,000,000 | 50,000,000.00 |
| Add : Share Application Money Pending Allotment | 85,000,000 | 850,000,000.00 |
| Total | 90,000,000 | 900,000,000.00 |

Note No. 3

3 Reserves and surplus

(Figure in INR)

| Particulars | Foot Note | As at 31st March 2015 |
|-------------------------------|------------------|------------------------------|
| Net Loss for the Current Year | 1 | (10,857,298) |
| Total | | (10,857,298) |

Foot Note

1 The company has incurred losses due to incorporation fees paid.

Note No. 4

4 Share Application Money Pending Allotment

(Figure in INR)

| Particulars | As at 31st March 2015 | |
|--|-----------------------|--------------------|
| | No. of Shares | ₹ Rs Crores |
| Issued & Subscribed | | - |
| 8,50,00,000 Equity shares of Rs 10 each-fully paid | | |
| Share Application Money Pending Allotment | 85,000,000 | 850,000,000 |
| T O T A L | 85,000,000 | 850,000,000 |

(i) **Reconciliation of the number of Equity Shares application money received and pending for allotment**

| Particulars | As at 31st March 2015 | |
|---|-----------------------|---------------|
| | No. of Shares | % age |
| Add : Share Application Money Pending Allotment | 85,000,000 | 100.0% |
| Total | 85,000,000 | 100.0% |

Note No. 5

5 Trade Payables

(Figure in INR)

| Particulars | Foot Note | As at 31st March 2015 |
|---------------------------|-----------|-----------------------|
| Trade Payables | | |
| - Others | | |
| (a) Related Parties-IRCON | | 5,000 |
| Total | | 5,000 |

Note No. 6

6 Other current liabilities

| Particulars | Foot Note | As at 31st March 2015 |
|--|-----------|-----------------------|
| (a) Others-Statutory audit fee payable | | 28,500 |
| Total | | 28,500 |

Note No.7

7 INTANGIBLE ASSETS

| Sl. No | PARTICULARS | GROSS BLOCK | | | | | | DEPRECIATION | | | | | | NET BLOCK | | | (Amount in Rupees) |
|--------|----------------|----------------|--|----------------------------|-------------------------------------|--|-----------------------------------|------------------------------|--------------------|-----------------------------|---|----------|---------|-----------|--|--|--------------------|
| | | ADDITI-
ONS | SALE
DURIN-
G THE
YEAR
2014-
15 | ADJ-
UST-
MEN-
TS | GROSS
Value
AS ON
31/03/14 | Cumul-
ative
value
As on
1/04/14 | FOR
THE
YEAR
2014-
15 | ON
SALE /
WRIT-
OFF | ADJ-
UST-
ME | TOTAL
UPTO
31/03/2015 | Net
Block
as on
31/03/
2015 | Location | | | | | |
| 1 | Tally Software | - | 18,500 | | 18,500 | - | 18,499 | | | 18,499 | 1 | | CSIPBTL | | | | |
| | Total | - | 18,500 | - | 18,500 | - | 18,499 | - | - | 18,499 | 1 | (1) | | | | | |

Note No. 8

8 Deferred Tax Asset

(Figure in INR)

| Particulars | As at 1-04-2014 | Addition
(Deletion)
during the year | As at 31-03-
2015 |
|---|-----------------|---|----------------------|
| Asset | | | |
| Provision for : | | | |
| - Other Expenses | - | 3,912,617 | 3,912,617 |
| Liability | | | |
| | - | - | - |
| | - | - | - |
| Net Deferred Tax Asset / Liability | - | 3,912,617 | 3,912,617 |

Note No. 9

9 Cash & Bank balances

(Figure in INR)

| Particulars | As at 31st March 2015 |
|---|-----------------------|
| Cash and cash equivalents | |
| a) Balances with banks : | |
| - In Current accounts | 850,669,181 |
| Other bank balances | |
| - In Fixed deposits (with a maturity period of more than 3 months and upto 12 months) | 33,554,371 |
| Total | 884,223,552 |

Note No. 10

10 Short term loans and advances

(Figure in INR)

| Particulars | As at 31st March 2015 |
|---|-----------------------|
| Unsecured, considered good
Bank TDS | 109,440 |
| Total | 109,440 |

Note No. 11

11 Other Income

(Figure in INR)

| Particulars | As at 31st March 2015 |
|---------------------|-----------------------|
| Bank Interest Gross | 1,094,403 |
| T O T A L | 1,094,403 |

Note No. 12

12 Administrative Expenses

(Figure in INR)

| Particulars | Foot Note | Administrative |
|----------------------------|-----------|---------------------------------------|
| | | For the year ended
31st March 2015 |
| Auditors remuneration | 1 | 28,500 |
| Recruitment Expenses | | 5,000 |
| Misc Operating Expenses | | 66 |
| Preliminary expenses W/Off | 2 | 15,811,553 |
| Total | | 15,845,119 |

| | | | | |
|---|--|--|--|----------------|
| 1 | <u>Payment to Statutory Auditors:</u> | | | 2014-15 |
| | (I) Audit Fee - current year | | | 28,500 |
| | Total | | | 28,500 |

2 Details given in Note

| | | | |
|--|--|--|-------------------|
| <u>Schedule of Preliminary expenses written off</u> | | | |
| | | | |
| | | | |
| Fees paid to ROC | | | 15,758,668 |
| Notary Charges | | | 2,875 |
| E stamp duty | | | 50,010 |
| Total | | | 15,811,553 |

Note No. 13

13. NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES

- i. NHAI vide its letter dated 27.8.2014 has conveyed that IRCON is a selected bidder for the subject work. In compliance of Letter of Acceptance inter-alia Draft Concession Agreement, IRCON has formed a SPV named as IRCON P.B. Tollway Ltd. (A Wholly Owned Subsidiary Company) on 30.09.2014 with paid up share capital of ₹ 5.00 Crores and the authorized Share Capital ₹ 175.00 Crores with registered office at Plot No. C-4, District Centre, Saket, New Delhi.
- ii. The company was incorporated on 30.09.2014. The Company obtained Certificate of Commencement of Business on 10th Oct 2014 from the Office of Registrar of Companies.
- iii. The IPBTL (a SPV) has signed the concession agreement with NHAI on 07.11.2014. Contract is being executed on DBFOT (Design, Built, Finance, Operate & Transfer) Basis. As per provisions of Concession Agreement Article 24, clause 24.1, the Concessionaire is obliged to achieve financial close within 180 days from the date of agreement so that NHAI is to notify the date of appointment, known as Appointed Date before physical commencement of the project. It is also an obligation on part of the Concessionaire to operate the project in accordance to provision of the Agreement during Concession period and recover the Cost through user's fee.
- iv. The 100% Equity stake is of IRCON. The concession period is 26 years including construction period. NHAI is to provide Viability Gap Fund (VGF) of ₹ 327.00 Crores as per provisions of the concession agreement.
- v. The Company was incorporated on 30.09.2014. This being the first year of operations, the requirements of disclosure of the corresponding figures for the previous year is not applicable.
- vi. Contingent liability consists of amounts not provided for.
- vii. Claims against the company not acknowledged as debt ₹ **Nil** excluding the amount of provision for contingent liability.
- viii. Commitment: The Company has ₹ **Nil** Capital Commitment and Other Commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.
- ix. Basic earnings per share are computed by dividing net Loss after tax **Rs 1,08,57,298/-** by **50,00,000** fully paid equity shares of ₹10. As there is no dilution involved, Diluted

earnings per share is same as basic earnings per share.

- x. The Company has not engaged any supplier so far so there is no transaction under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Based on this information, there are **no amounts** due to Micro, Small and Medium Enterprises as on 31st March 2015.
- xi. The company has not engaged any supplier of small scale industrial unit. Based on this information, amount due to small scale industrial undertaking, which is outstanding for more than 30 days as on 31st March 2015 is **Nil**.
- xii. There are **Nil** cases of imports and foreign currency expenditure incurred during the year and therefore the disclosure of the CIF value of the imports and foreign currency expenditure is not applicable.
- xiii. The employees in the Company are posted on nomination/secondment basis from IRCON (Holding Company) & IPBTL. Their salary and wages, P.F contribution etc upto Mar-2015 are accounted as revenue expenditure in IRCON International Limited being holding company. No debit advices raised by IRCON.
- xiv. The Company has no contract employees on the rolls of the Company as on 31.03.2015.
- xv. Since commercial operations have not yet started, hence segment reporting is not required as per Accounting Standard 17.
- xvi. The entire Equity Share Capital of the Company is held by Ircon International Limited (IRCON), Holding company
- xvii. Relation and name of the related parties are:

Holding Company: IRCON International limited

xviii. Key Management Personnel:

Directors from IRCON: Directors: - Shri Deepak Sabhlok, (DIN-03056457), Shri Anil Jain (DIN-05283217), Shri A K Goyal (DIN-05308809).

No remuneration and sitting fees is paid to the Key personnel as mentioned above. The Directors of the Company are appointed /nominated by IRCON and no remuneration is paid by the Company.

xix Related Party Transactions during the year 2014-2015

| Particular | Transactions (₹) | Outstanding Amount as at 31.03.2015 (₹) |
|--|-------------------------|--|
| Reimbursement of incorporation fees paid to ROC, Notary charges expense, | 1,57,61,543/- | Nil |
| Reimbursement of appointment of CS | Nil | 5,000/- |

As per our Report of even date attached

For KL Aggarwal & Associates
Chartered Accountants
FRN 001855N

Sd/-
Ankur Aggarwal
Partner
M. No. 509073

For and on behalf of IRCON PB TOLLWAY LIMITED

Sd/-
(Deepak Sabhlok)
Director
DIN 03056457

Sd/-
(Anil Jain)
Director
DIN 05283217

Sd/-
(A K Goyal)
Director
DIN 05308809

Sd/-
A K Singh
Chief Executive Officer

Sd/-
Tanjit Kaur
Chief Financial Officer

Sd/-
Shudodhani Company Secretary

Place: New Delhi
Date: 27.07.2015

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG)

SUPPLEMENTARY AUDIT OF FINANCIAL STATEMENTS OF IRCON PB TOLLWAY LIMITED (IrconPBT)

**UNDER SECTION 139(6) OF THE COMPANIES ACT,
2013 READ WITH COMPANIES (AUDIT & AUDITORS)
RULES 2014**

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 PB TOLLWAY LIMITED FOR THE PERIOD FROM 30 SEPTEMBER 2014 TO 31 MARCH 2015.

The preparation of Financial Statements of Ircon PB Tollway Limited for the period from 30 September 2014 to 31 March 2015 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(7) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27.07.2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Ircon PB Tollway Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on the Behalf of the
Comptroller & Auditor General of India**

Place: New Delhi

Date: 18.9.2015

Sd/-

**(Dinesh Bhargav)
Principal Director of Audit (Railway Commercial)**



IrconPBTL

IRCON PB TOLLWAY LIMITED (IrconPBTL)
(A Wholly-owned Subsidiary of Ircon International Limited)

CIN: U45400DL2014GOI272220

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