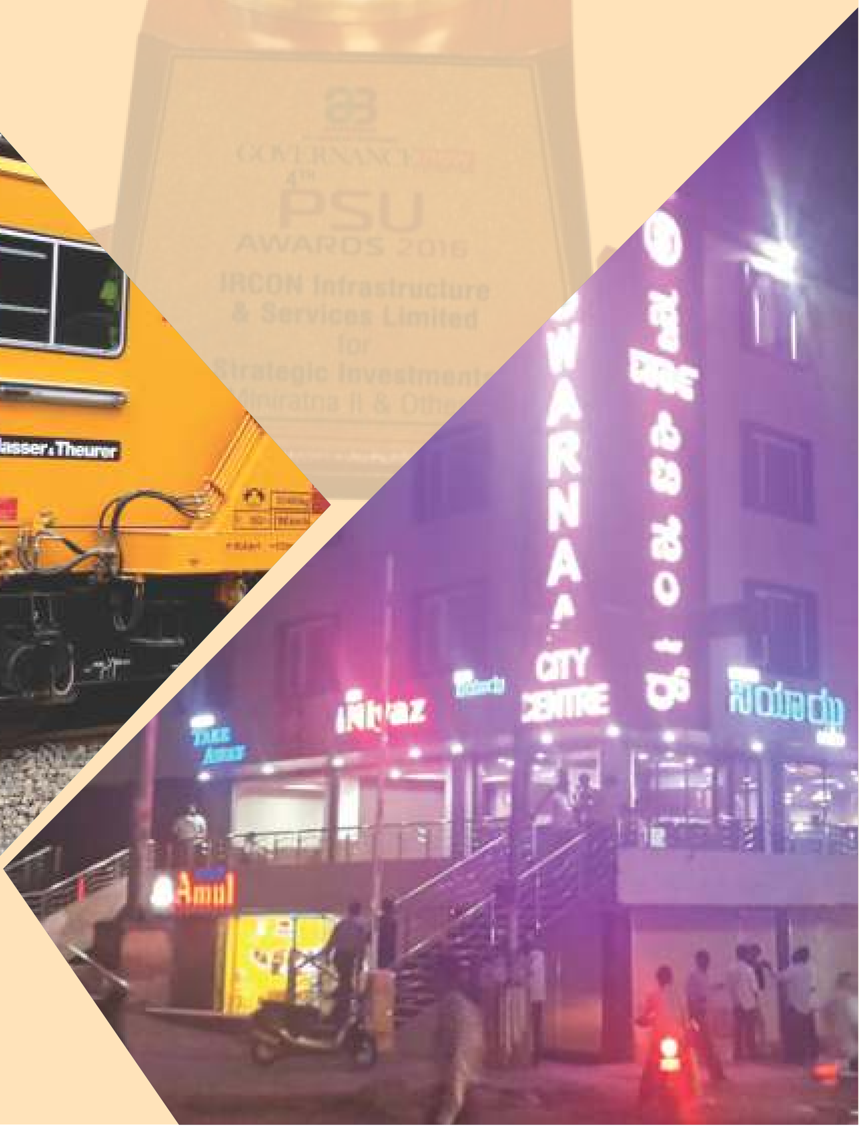
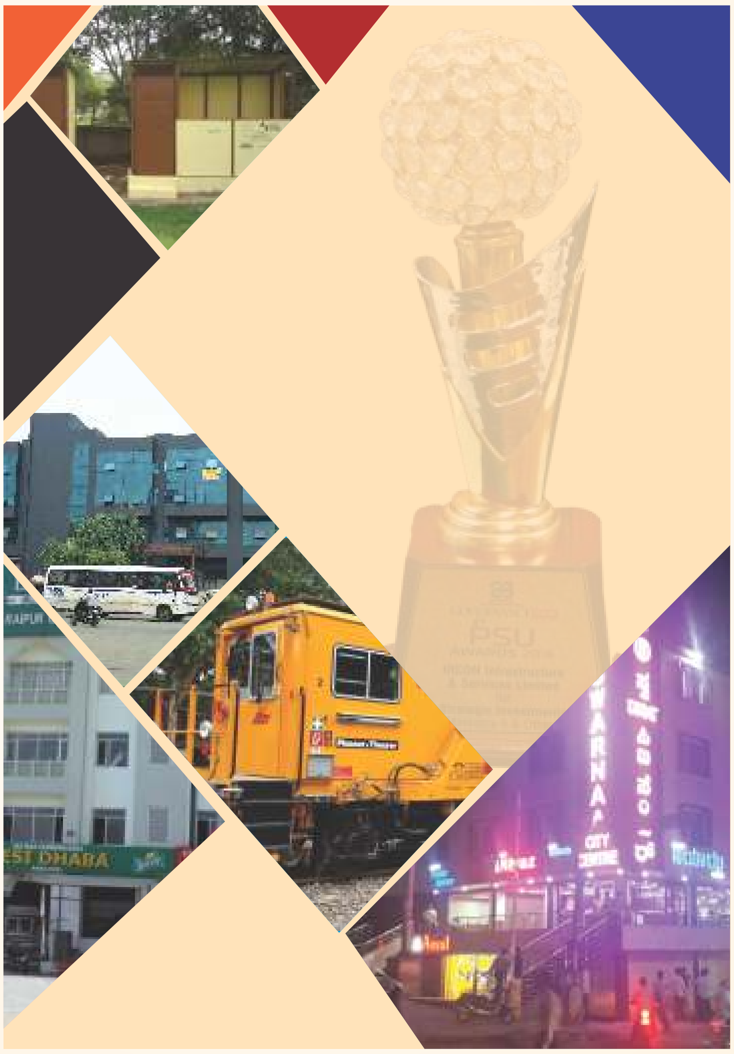
7th Annual Report 2015-16



IRCON
INFRA & SERVICES

Vision & Mission

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



Contents

Board of Directors

(Part-Time Directors)

Mr. Hitesh Khanna
Chairman

Mr. Surajit Dutta
Director

Mr. Anil Jain
Director

Mr. A.K. Goyal
Director

Key Executives

Mr. C.K. Nayar
Chief Executive Officer

Mr. Aniket Khetrapal
Chief Financial Officer

Ms. Deepshikha Gupta
Company Secretary

Statutory Auditors

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

Main Bankers

Indian Overseas Bank
HDFC Bank

Registered Office

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

Multi Functional Complexes

Allahabad

Indore

Jammu

Hubli

Udaipur

Raipur

Chairman's Address

Distinguished Shareholders,

It gives me immense pleasure to welcome you all to the 7th Annual General Meeting of IrconISL. The Annual Report for the Financial Year ending 31st March 2016, along with the Director's Report, Audited Financial Statements, Statutory Auditor's Report and Secretarial Auditor's Report have been circulated and I request your permission to take them as read.

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

Financial Profile

During the FY 2015-16, your Company has recorded operating revenue of INR 74.05 crores, which is more than double (103%) as compared to previous year, and total revenue of INR 81.87 crores, a growth of 90% over the previous year. The Company has achieved Profit before tax of INR 22.61crores. The Profit after tax is INR14.22 crores.

Operational Profile

Your Company had undertaken the development of Multi-Functional Complexes for the Ministry of Railways at twenty-four identified railway station premises. The construction works have been completed at all the stations.

The Company hassub-leased 20 MFCs to third parties at Allahabad, Hubli, Mysore, Barddhaman, Hyderabad, Bilaspur, Jammu, Udaipur, Haridwar etc. Efforts are being made for sub-leasing balance MFCs namely Tarapeeth, Alleppey, Digha and Siliguri. Offers for Alleppey and Siliguri have been received and are under active consideration for award.

Your Company has successfully executed consultancy project for Feasibility Study & Preparation of DPR for Ministry of External Affairs (Govt. of India) for preparation of 69 bridges in Tamu-Kyigone-Kalewa section of Trilateral Highway in Myanmar. Further Your Company has also been appointed as PMC by MEA for Construction of 69 bridges along with approach roads in Tamu-Kyigone-Kalewa section of Trilateral Highway in Myanmar having construction cost of Rs. 288 crore. The tender for selection of contractor for the project has been floated. Technical bid has been opened on 23.08.2016.

IrconISL has also secured a consultancy project from Govt. of Myanmar for preparation of DPR for Maungtaw-Alethankyaw Road Project in Rakhine State of Myanmar. Agreement for the same was signed on 22nd August, 2015.

Your Company has also been appointed as PMC by Ministry of External Affairs (Govt. of India) for Construction of Two Lane Road on NH Specifications from Paletwa to Indian Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar having construction cost of ₹ 1582 crore. The tender for selection of contractor for the above project has been invited, due to be opened on 10th November, 2016

Your Company has undertaken the work for provision of toilet blocks in Govt. schools under *Swatchh Bharat Abhiyaan* for various PSU's such as Power Grid Corporation of India Limited (PGCIL), Indian Renewable Energy Development Agency Limited (IREDA), South East Coal Fields Limited(SECL)&Power Finance Corporation (PFC). The work has been completed before 15/08/2015.

Your Company also has an Environment Management Planning Lab at Jammu which got accreditation from NABL issued on 11.09.2015 and valid until 10.09.2017 & recognized by Jammu & Kashmir Pollution Control Board for EMP lab Jammu. Now the lab is fully operative for conducting various tests for the prospective clients and has also started marketing efforts to secure the business. The J&K State Pollution Control Board has also empanelled the Lab for experiment & testing which includes collection and analysis of water and air samples as per NABL approval.

Corporate Governance

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

Acknowledge

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

(Hitesh Khanna)
Chairman
(DIN 02789681)

Place: New Delhi
Date: 27.09.2016

Directors' Report

Directors' Report

Distinguished Shareholders of IrconISL,

Your Directors are pleased to present the 7th Annual Report of the Company for the financial year 2015-16, together with the Audited Financial Statements, the Auditors' Report, and Review by the Comptroller and Auditor General of India.

OPERATIONAL PERFORMANCE

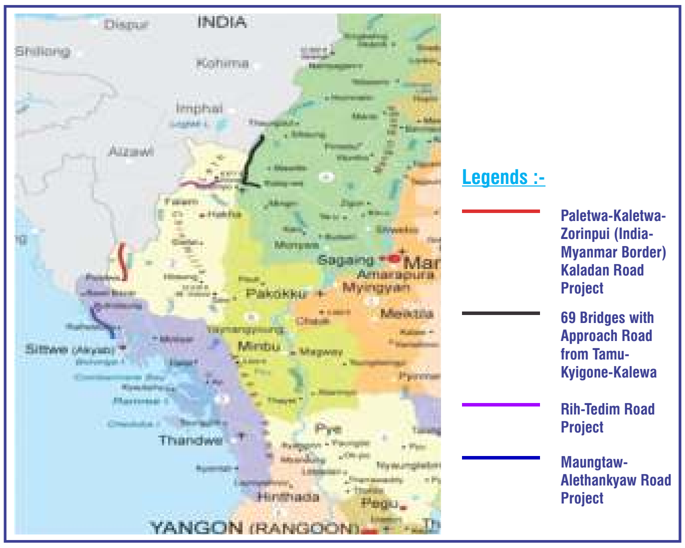
A. Your Company had undertaken the work of development of Multi-Functional Complexes (MFCs) for Ministry of Railways in the vicinity of identified railway station premises, with the objective of providing facilities and amenities to users of Indian Railway System. The physical work of construction (warm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

MFC at Indore

IrconISL has successfully sub-leased 20 MFCs to third parties. Efforts are being made for sub-leasing of balance MFCs namely Tarapeeth, Alleppey, Digha and Siliguri. Offers for Alleppey and Siliguri have been received and are under active consideration for award.

During the year, Company has terminated the Sub-Lease agreement of MFC at Kannur on 3rd December 2015 due to non-payment of rent by sub-lessee.

B. IrconISL has successfully executed consultancy project for Feasibility Study & Preparation of DPR there of for Ministry of External Affairs (Govt. of India) for preparation of 69 bridges in Tamu-Kyigone-Kalewa section of Trilateral Highway in Myanmar. IrconISL has also been appointed as Project Management Consultant by Ministry of External Affairs (Govt. of India) for Construction of 69 bridges along with approach roads in Tamu-Kyigone-Kalewa section of Trilateral Highway in Myanmar having construction cost of Rs. 288 crore. The tender for selection of contractor for the project has been floated. Technical bid has been opened on 23.08.2016.



IrconISL has also secured a consultancy project from Govt. of Myanmar for preparation of detailed project report for Maungtaw-Alethankyaw Road Project in Rakhine State of Myanmar. Agreement for the same was signed on 22nd August, 2015.

IrconISL has also been appointed as Project Management Consultant by Ministry of External Affairs (Govt. of India) for Construction of Two Lane Road on NH Specifications from Paletwa to Indian Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar having construction cost of Rs. 1582 crore. The tender for selection of contractor for the above project has been invited, due to be opened on 10th November, 2016

C. IrconISL is also undertaking the work of “Supply of Manpower” for Sri Lanka and Malaysia Projects of Ircon and agreements for the same had also been signed with Ircon. As on 31st March 2016, 11 employees are working in Sri Lanka and 07 employees are working in Malaysia. During the year 2015-16, 19 employees were repatriated from Sri Lanka and 30 employees were repatriated from Malaysia.

D. Your Company is also undertaking the work of “Leasing of Machinery” to Ircon for its Sri Lanka Project. IrconISL has successfully commissioned and deployed ‘Duomatic Tamping Machine’ for Ircon’s project in Sri Lanka on 22.11.2013 and the same is under operation for Ircon’s project in Sri Lanka. Apart from this the orders for selling old track machines (9 Nos.) to IrconISL had been issued by Railway Board. Out of which 2 machines have been purchased from Western Railways and placed at

Valsad (Gujarat). For other 7 machines, procurement is in process. After carrying out periodical overhauling & maintenance of the machines, these shall be deployed in India with third parties.

E. The current activities of the Company relates to infrastructure projects and consultancy in the related areas. Apart from these activities, due to its consistent efforts, IrconISL bagged the CSR projects on behalf of various PSUs (Public Sector Undertakings). Your Company had undertaken the work of *Swachh Bharat Abhiyaan* for various PSU's. IrconISL has signed MoU with Power Grid Corporation of India Limited on 26.11.2014 for Construction of toilet blocks in Govt. Schools under *Swachh Bharat Abhiyaan* and MOU had also been entered with Indian Renewable Energy Development Agency Limited (IREDA) on 13.01.2015 for Construction of toilet blocks in of Govt. Schools under Swachh Bharat Abhiyaan. MoU has also been signed with South East Coal Fields Limited (SECL) on 28.02.2015 for construction of toilet blocks in Govt. Schools under Swachh Bharat Abhiyaan. MoU was signed with Power Finance Corporation (PFC) on 22.05.2015 for construction of toilet blocks in Govt. Schools. Following are the brief details of *Swachh Bharat Abhiyaan* for above PSU'staken up and successfully accomplished by your Company during 2015-16, which were completed before 15th August 2015.

Name of PSU	States	No. of Toilets constructed	Project Cost (approx. in crores)
Power Grid Corporation of India Limited (PGCIL)	Bihar, Uttar Pradesh, Chhattisgarh, Madhya Pradesh, Andhra Pradesh	2,011	9.78
Indian Renewable Energy Development Agency Limited (IREDA)	Haryana, Rajasthan, Chhattisgarh	531	4.16
Power Finance Corporation (PFC)	Rajasthan	525	10.17
South Eastern Coalfields Limited (SECL)	Chhattisgarh, Madhya Pradesh, Odisha	1,758	19.43
TOTAL		**4,825**	**43.54**

F. The holding Company, Ircon International Limitedhanded over EMP (Environment Management Planning) Lab at Jammu to IrconISL. The laboratory was made operational in the last week of November, 2013. Various Tests pertaining to Water, Air and Noise are being conducted on regular basis as per the requirement of the Project Authorities. Application for NABL Accreditationwas submitted in October, 2014 after which pre audit of EMP Lab was held and successfully completed. The final audit of EMP Lab was also completed successfully during the year and EMP lab of the Company has got accreditation from **National Accreditation Board for Testing and Calibration Laboratories issued on 11.09.2015 and valid until 10.09.2017&recognized by Jammu & Kashmir Pollution Control Board for EMP lab Jammu.** Now the lab is fully operative for conducting various tests for the prospective clients and has also started marketing efforts to secure the business. **The J&K State Pollution Control Board has also empaneled the Lab for experiment & testing which includes collection and analysis of water and air samples as per NABL approval.**

FINANCIAL HIGHLIGHTS

Important indicators of financial performance of the Company for the year ended 31.03.2016are given below:

Financial Performance Indicators

(In ₹ crores)

	Particulars	2015-16	2014-15
1	Authorized Share Capital	65.00	65.00
2	Subscribed & Paid-up Share Capital	65.00	40.00
3	Share Application Money Pending Allocation	-	25.00
4	Reserves & Surplus	37.34	23.11
5	Capital Work-in-progress	-	0.90
6	Total Revenue	81.87	41.51
7	Revenue from Operations	74.05	36.39
8	Profit before tax	22.61	20.29
9	Profit after tax	14.22	10.93
10	Net worth	102.33	88.11
11	Earnings Per Share (₹)	2.32	2.73

Revenue from Operations

The Revenue from operations increased from ₹ 36.39 crores to ₹ 74.05 crores. Profit after tax increased from ₹ 10.93 crores to ₹ 14.22 crores.

Share Capital

The Authorized Share Capital of the Company is ₹ 65 crores comprising 6,50,00,000 Equity Shares of ₹ 10 each. The Issued, Subscribed & Paid-up Equity Share Capital of the Company has been increased from ₹ 40 crores to ₹ 65 crores (w.e.f. 25.05.2015) consisting of 6,50,00,000 Equity Shares of ₹ 10 each pursuant to Rights Issue of 2,50,00,000 Equity shares to the existing shareholders of the company i.e. Ircon International Limited (Ircon), holding company who holds 100 % equity in the Company.

Unsecured Loan

The Company had not taken any loan during the year from Ircon (holding company). The Opening balance was

₹ 31.50 crores. During the year a sum of ₹ 4.00 crores have been repaid and the outstanding Loan as on 31st March 2016 stood at ₹ **27.50 crores.** Interest paid/payable on the loan is ₹ 3.91 crores during the year.

DIVIDEND

In order to conserve the resources of the Company and to plough back profits for growth of the Company, the Board of Directors do not recommend any dividend on the Equity Shares of the Company for the FY ended March 31, 2016.

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

The focus on environment continued with the same vigor and the targets for the year were achieved fully by incorporating the feasible elements of the green building in the constructed MFCs and by undertaking the work of Swachh Bharat Abhiyaan for various PSUs.

FOREIGN EXCHANGE EARNINGS & OUTGO

Net Foreign Exchange earnings are ₹ 13.70 crores in 2015-16on account of Manpower supply for Sri Lanka & Malaysia Projects of Ircon and Leasing of Plant & Machinery for Sri Lanka Project of Ircon.

PERSONNEL DEVELOPMENT

Cordial and harmonious industrial relations prevailed in the Company during the year. As on 31st March 2016, the total manpower strength was 50 employees which included 11 employees on deputation from Ircon (holding company), 2 regular employees on the rolls of IrconISL, 11 contract employees appointed by the Company for Sri Lanka Project of Ircon, 07 contract employees appointed by the Company for Malaysia Project of Ircon, 7 contract employees at corporate office and 12 contract employees deployed on Indian projects.

As on the date of this report, the total manpower strength of IrconISL is 48 employees.

Your Company has been taking steps for building capacity of its human resources through training in functional and general management areas. During the year 2015-16, a total 10 man-days in-house training was imparted to officials of IrconISL on highways and bridges through seminars.

COMPLIANCES

Presidential Directive

No Presidential Directive was received during the year.

Memorandum of Understanding

Complying with the DPE's MoU guidelines for Central Public Sector Enterprises (CPSEs), your Company has signed the Memorandum of Understanding with Ircon International Limited, holding company for the year 2015-16 during March 2015. On the same lines, Memorandum of Understanding with Ircon International Limited, holding company for the year 2016-17 was also signed on 29th July, 2016.

Particulars of Employees

There is no employee who has drawn a remuneration of Rs.60 lakhs or more per annum or Rs.5 lakhs or more per month during the year 2015-16 in terms of section 134(3) read with rule 5(2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

RIGHT TO INFORMATION ACT, 2005

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

The necessary updated information including names of Appellate Authority, Central Public Information Officer and Assistant Public Information Officer of the Company are posted on the website. Queries received are replied within the stipulated time. During the year, the Company received 7 queries which were replied satisfactorily. **After the close of the year,** one query was received which was also replied within due time.

INFORMATION TECHNOLOGY

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

EXTRACT OF ANNUAL RETURN

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

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

All contracts / arrangements / transactions entered by the Company during FY 2015-16 with related parties were either in ordinary course of business and / or at arm's length basis

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

INTEGRAL REPORTS

"Management Discussion and Analysis Report", "Corporate Governance Report" and "Secretarial Auditor Report" forms an integral part of this Directors' Report, and have been placed as **Annexures "C", "D" and "E" respectively.**

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

The **"Corporate Governance Report"** highlights the philosophy of Corporate Governance and Key Values of the Company, composition of Board of Directors and its Committees, their details including profile of directors who joined the Board during 2015-16 and other relevant disclosures.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s K.K. Singh & Associates, Practicing Company Secretary, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in **Form No. MR-3** from the auditor is placed at **Annexure- E.** The Secretarial Auditor had observed that the Company had not appointed Independent Directors on the Board. Your Directors state that your company being a wholly owned subsidiary company of IRCON (holding company), the appointment of all the directors on the Board is made by the Holding company, Accordingly, holding company has been requested to appoint requisite number of Independent Directors on the Board of IrconISL.

There are no adverse comments, or reservation in the **Auditor's report** on the accounts of the Company except that the auditor has one observation which is listed in point (vii) of Annexure A to the auditors' report.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

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

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

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

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

b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year.

c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The directors have prepared the annual accounts for financial year ended 31st March 2016 on a 'going concern' basis.

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

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During April 2015 to March 2016, five meetings of the Board of Directors were held. One meeting in the quarter ended March 2016, one meeting in each of the quarters ended on June 2015, December 2015 and two meetings in the quarter ended September.

The following Directors are holding office as on date:

1	Mr. Hitesh Khanna (DIN 02789681)	From 11.03.2011 onwards
2	Mr. Anil Jain (DIN 05283217)	From 10.05.2012 onwards
3	Mr. Surajit Dutta (DIN 06687032)	From 01.09.2013 onwards
4	Mr. A.K. Goyal (DIN 05308809)	From 01.12.2013 onwards

Key Managerial Personnel

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

BOARD COMMITTEES

The Company has the following Committees of the Board:

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

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

CORPORATE SOCIAL RESPONSIBILITY

IrconISL has always epitomized philanthropy, ethical practices and an untiring quest for national betterment. As per the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee comprising Mr. A.K. Goyal (Chairman), Mr. Anil Jain and Mr. Surajit Dutta, as Members.

The provisions of CSR as per section 135 of the Companies Act, 2013 are not applicable to the Company as the net profit of the Company from its operations in India is less than ₹ 500.00 lakhs during the preceding financial year. However, in compliance of the DPE MoU Guidelines 2015-16, your company spent ₹ 10.36 lakhs towards CSR during FY 2015-16. One of the non-financial parameter in MoU 2015-16 was to undertake Corporate Social Responsibility initiative under which we agreed to do Promotion of education and sanitation in Delhi NCR region. In this regard we have also received a certificate from Deputy Director (Education) South Delhi appreciating our work.

The CSR Policy outlining the thrust areas of development viz. Education, Literacy and Environment Sustainability & Health, was adopted by the Board and the same has been put up on website, **www.irconisl.com**. The Company has initiated CSR activities in FY 2015-16 under promotion of education and sanitation as mentioned above by Supply and Installation of water coolers, water purifiers, hanging garbage bins and dual desks at14 no. govt. schools in Delhi and aims to make a positive and measurable difference in the coming years.

DEPOSITS

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

AUDITORS

A. Statutory Auditors

Kapoor Goyal & Co, Chartered Accountants, were appointed by the Comptroller and Auditor General of India, as Statutory Auditors, to audit the accounts of the Company for the year 2015-16.

B. Secretarial Auditor

The Board of Directors have appointed M/s K.K. Singh & Associates, Practicing Company Secretary, to conduct the Secretarial Audit of the Company for the financial year 2015-16.

C. Internal Auditors

The Board of Directors have appointed M/s Rahul Jain & Associates, Cost & Management Accountants as Internal Auditors for the year 2015-16, to conduct the Internal Audit of the Company for the financial year 2015-16.

ACCOUNTING STANDARDS FOLLOWED BY THE COMPANY

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act and the Guidelines prescribed by the RBI, as applicable.

ACKNOWLEDGMENT

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

For and on behalf of the Board of Directors

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

Place: New Delhi
Date: 24.08.2016

Annexure-A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March 2016

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

I. REGISTRATION AND OTHER DETAILS :

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	To undertake planning, designing, development, Improvement, commissioning, operation, maintenance, etc. in the field of construction, of infrastructure of Multi-Functional Complexes (MFCs),etc to provide facilities and amenities to users of Indian Railway System.	45201	18.02%
2	Execution of CSR and Swachh Bharat Abhiyaan projects.	-	50.25

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

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

IV. SHARE HOLDING PATTERN :

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wiseShareHolding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) **Bodies Corp.**	-	**4,00,00,000**	**4,00,00,000**	**100%**	-	**6,50,00,000**	**6,50,00,000**	**100%**	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	-	**4,00,00,000**	**4,00,00,000**	**100%**	-	**6,50,00,000**	**6,50,00,000**	**100%**	-
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other- Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	**NIL**	**NIL**	**NIL**	-	**NIL**	**NIL**	**NIL**	-
Total Share holding of Promoter (A)= (A)(1)+(A)(2)	-	**4,00,00,000**	**4,00,00,000**	**100%**	-	**6,50,00,000**	**6,50,00,000**	**100%**	-
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1) :		**NIL**	**NIL**	**NIL**	-	**NIL**	**NIL**	**NIL**	**NIL**
(2) Non- Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs1 lakh.	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2) :	-	**NIL**	**NIL**	**NIL**	-	**NIL**	**NIL**	**NIL**	**NIL**
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	**NIL**	**NIL**	**NIL**	-	**NIL**	**NIL**	**NIL**	**NIL**
C. Shares held by Custodian for GD Rs & AD Rs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	-	**4,00,00,000**	**4,00,00,000**	**100%**	-	**6,50,00,000**	**6,50,00,000**	**100%**	-

ii) Share holding of Promoters

Sl. No.	Share holder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	%of total Shares of the company	%of Shares Pledged/ encum-bered to total shares	No. of Shares	%of total Shares of the company	%of Shares Pledged/ encum-bered to total shares	
1.	Ircon International Limited and its 6 nominees	**4,00,00,000**	**100%**	-	**6,50,00,000**	**100%**	-	**100%**
	Total	**4,00,00,000**	**100%**	-	**6,50,00,000**	**100%**	-	**100%**

iii) Change in Promoters' Shareholding (pleases pecify, if there is no change)

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	%of total shares of the company	No. of Shares	%of total shares of the company
At the beginning of the year	4,00,00,000	61.54%	4,00,00,000	61.54%
Allotment by way of Rights Issue of 2,50,00,000 Equity shares to the existing shareholders of the company i.e. Ircon International Limited, holding company who holds 100 % equity in the Company on 25.05.2015	2,50,00,000	38.46%	6,50,00,000	38.46%
At the End of the year	6,50,00,000	100%	6,50,00,000	100%

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

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

v) Shareholding of Directors and Key Managerial Personnel :

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

V. INDEBTEDNESS :

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

(In crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	31.50	-	31.50
ii) Interest due but not paid	-	0.20	-	0.20
iii) Interest accrued but not due	-	NIL	-	NIL
Total (i + ii + iii)	-	31.70	-	31.70
Change in Indebtedness during the financial year				
- Addition	-	NIL	-	NIL
- Reduction	-	4.00	-	4.00
Net Change	-	(4.00)	-	(4.00)
Indebtedness at the end of the financial year				
i) Principal Amount	-	27.50	-	27.50
ii) Interest due but not paid	-	0.20	-	0.20
iii) Interest accrued but not due	-	NIL	-	NIL
Total (i + ii + iii)	-	27.70	-	27.70

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager (throughout 2015-16)				Total Amount
1 a) b) c)	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 Value of perquisites u/s 17(2) Income-tax Act, 1961 Profits in lieu of salary under section 17(3) Income- tax Act,1961			NOT APPLICABLE		
2	Stock option					
3	Sweat Equity					
4	Commission - as % of profit - others, specify					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

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

B. Remuneration to other directors:

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

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

Sl. No.	Particulars of Remuneration	Name of Company Secretary (KMP)			Total Amount
		CEO	Company Secretary	CFO	
1	Grosss alary				
a)	Salary as per provisions contained in section 17(1)of the Income- tax Act, 1961.	32,71,858	3,19,935	8,76,951	
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	4,123	NIL	4,063	
c)	Profits in lieu of salary under section 17(3) Income- tax Act,1961	NIL	NIL	NIL	
2	Stock option	NIL	NIL	NIL	
3	Sweat Equity	NIL	NIL	NIL	
4	Commission - as % of profit - others, specify	NIL	NIL	NIL	
5.	Others, please specify - Performance Linked Incentive - Retirement Benefits	 4,94,411 7,26,503	 - 42,229	 99,021 4,88,738	
	Total (A)	44,96,895	3,62,164	9,80,035	
	Ceiling as per the Act				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

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

For and on behalf of the Board of Directors

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

Place: New Delhi
Date: 24.08.2016

Annexure-B

FORM NO. AOC-2

Form for Disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in section 188 (1) of the Companies Act, 2013, including certain arms-length transactions under third proviso thereto for the financial year 2015-16 (for the period 1st April 2015 to 31st March 2016).

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

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

Sl. No.	Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions, including the value, if any	Date of approval by the Board, if any	Amount paid as advances, if any
1	**IRCON INTERNATIONAL LIMITED** Holding Company	Office space provided by holding company, Ircon	Lease agreement dated 11th May 2016. Duration: 3 years from 1st April 2014.	Office space provided on lease for a period of 3 years from 01.04.2014. Rs. 1,34,238,.60 p.m. charged as rent from 1st April 2014 onwards.	Not Applicable	NIL

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

For and on behalf of the Board of Directors

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

Date : 24.08.2016
Place : New Delhi

Annexure-C

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

AN OVERVIEW

Ircon Infrastructure & Services Limited (IrconISL) was incorporated on 30th September 2009 as a wholly owned subsidiary of Ircon International Limited (IRCON, a Schedule 'A', Mini Ratna - category I Company under the Ministry of Railways)as an outcome of MoU by the Holding Company with RLDA for "Planning, Design, Development, Operation and Maintenance of Multi- Functional Complexes (MFC's) on Indian Railways Land" to provide facilities and amenities to users of Indian Railway System. The physical work of construction (warm shells) was taken up on 24 stations. The Company has successfully sub-leased 20 MFCs to third parties.

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

BUSINESS ENVIRONMENT

Despite global headwinds and a truant monsoon, Indian economy grew at 7.6 per cent in 2015-16, thus becoming the fastest growing major economy in the world.

India has made striking progress in its contribution to the global growth of Gross Domestic Product (GDP) in Purchasing Power Parity (PPP) terms. India's contribution to global growth in PPP terms increased from an average of 8.3 per cent during the period 2001 to 2007 to 14.4 per cent in 2014.

In the backdrop of progressive economic environment in the country, the company is gearing up to improve its readiness to avail the opportunities in the following areas-:

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

OUTLOOK

The Vision/Mission and objectives of the Company as stated in its Memorandum of Understanding with the holding company, Ircon International Limited for 2015-16 are :-

Vision / Mission

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

Objectives

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

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

FINANCIAL PERFORMANCE

The Company has recorded an operating revenue of ₹ 74.05 crores during the year 2015-16. The Profit before tax was ₹ 22.61 crores and Profit After Tax was ₹ 14.22 crores during the year. The net worth of your Company as on 31st March 2016 stood at ₹ 102.33 crores.

OPERATIONAL PERFORMANCE

IrconISL has successfully sub-leased 20 MFCs to third parties. During the year 2015-16, your Company sub-leased Jammu MFC (Amenity Centre). Also, during the year 16 MFC's have been made operational which includes 11 MFC's with hotels namely Haridwar, Gwalior, Udaipur, Raipur, Kannur, Hubli, Allahabad, Udaipur, Gwalior, Jammu, Jabalpur and 5 MFC's namely Barddhaman, Hyderabad, Rampurhat, Bilaspur & Thiruvalla with passenger amenities having shops and food plaza.

Your Company has successfully executed consultancy project for Feasibility Study & Preparation of DPR thereof for Ministry of External Affairs (Govt. of India) for preparation of 71 bridges in Tamu-Kyigone-Kalewa section of Trilateral Highway in Myanmar. IrconISL has also secured a consultancy project from Govt. of Myanmar for preparation of detailed project report for Maungtaw-Alethankyaw Road Project in Rakhine State of Myanmar. Agreement for the same was signed on 22nd August, 2015.

IrconISL has also been appointed Project Management Consultant by Ministry of External Affairs (Govt. of India) for Construction of Two Lane Road on NH Specifications from Paletwa to Indian Myanmar Border (Zorinpui) from km 0.00 to km 109.2 in Chin State of Myanmar having construction cost of ₹ 1582 crore. The tender for selection of contractor for the above project has been invited on 10th November, 2016.

IrconISL has provided Project Management Consultancy for Construction of Toilet Blocks in Govt. Schools under Swachh Bharat Abhiyan to PGCIL (2,011 nos. having construction cost of ₹ 9.78 cr), PFC (525 nos. for ₹ 10.17cr), IREDA (531 nos. for ₹ 4.16 Cr) & SECL (1,758 nos. having construction cost of ₹ 19.43 cr.)

Your Company is also undertaking the work of 'Supply of Manpower' for Ircon's project in Sri Lanka and Malaysia, and 'easing of Machinery' for Ircon's Sri Lanka project.

SECTORAL PERFORMANCE

During the year 2015-16, there are four sectors of revenue namely Consultancy, Supply of Manpower, Sub-Leasing of MFCs and Leasing of Plant & Machinery. Supply of Manpower accounted for major portion of 48.87% of total operating income for the year 2014-15. The table below shows the share of income from different sectors and its percentage contribution to total income.

(₹ in crores)

Sectors	2013-14		2014-15		2015-16	
	Operating Income	%	Operating Income	%	Operating Income	%
Consultancy	0.14	0.45	2.98	8.19	5.11	6.90
Supply of Manpower	26.78	86.16	17.78	48.87	6.42	8.67
Sub- Leasing of MFCs	0.49	1.58	8.09	22.24	14.75	19.92
Leasing of Plant & Machinery	2.12	6.82	6.17	16.96	6.62	8.94
Others operating revenue from Execution of CSR & Swachh Bharat Abhiyaan Projects	1.55	4.99	1.36	3.74	41.14	55.57
Total	**31.08**		**36.38**		**74.04**	

Segment-wise Performance

Foreign projects contributed 17.61% to total operating income and domestic projects contributed 82.39% to total operating income during the year 2015-16.

(₹ in crores)

Sectors	2013-14		2014-15		2015-16	
	Total Income	%	Total Income	%	Total Income	%
Foreign	28.91	93.02	23.95	65.81	13.04	17.61
Domestic	2.17	6.98	12.44	34.19	61.00	82.39
Total	**31.08**		**36.39**		**74.04**	

STRENGTHS

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

RISKS AND CONCERNS

With the completion of MFCs construction progressively, the work of leasing of MFCs are being taken up which is very much area specific and market dependant. Although, in-depth study for market potential had been carried out by independent renowned consultant, the risk of lower than expected revenue, and its actual realisation exists.

INTERNAL CONTROL SYSTEM

Your Company has appointed M/s Rahul Jain & Associates, Cost & Management Accountants as Internal Auditors for the year 2015-16. Internal Auditors conduct audits of the Company in two phases to test the adequacy of the internal systems and suggest continual improvements. Internal Audit reports are reviewed by the Audit Committee of the Company.

HUMAN RESOURCE

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

For and on behalf of the Board of Directors

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

Place: New Delhi
Date: 24.08.2016

Annexure-D

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

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

2. Governance Structure

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

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

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

3. Board of Directors

3.1 Composition of Board of Directors

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

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

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

BOARD OF DIRECTORS

(As on the date of this report)

Directors	Whole-time / part-time / Independent	Directorships held in Companies/ Body Corporates (excluding IrconISL)	Total No. of Committee memberships held (including IrconISL)	
			As Chairman	As Member other than Chairman
Mr. Hitesh Khanna (DIN 02789681)	Part-time Chairman	1 [IRCON]	NIL	1
Mr. Anil Jain (DIN 05283217)	Part-time Director	2 [Ircon PBTL, Ircon SGTL]	1	2
Mr. Surajit Dutta (DIN 06687032)	Part-time Director	NIL	1	2
Mr. A.K. Goyal (DIN 05308809)	Part-time Director	3 [IrconPBTL, IrconSGTL, ISTPL]	1	2

Notes :

1. The number of Directorships is within the maximum limit of :

   -20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.
2. Directors are not related to each other.

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

4. Disclosures about Directors

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

5. Remuneration of Directors

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

No sitting fee is paid to the part-time directors.

6. BoD Meetings and Attendance during 2015-16

The Board of Directors met 5 times during the financial year 2015-16 on 25thMay 2015, 27thJuly 2015, 28th August 2015, 23rd December 2015 and 02nd March 2016.

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

Details of attendance of the Directors and Company Secretary during 2015-16 are given below :-

Director	No. of Board Meetings during 2015-16		Attended last Annual General Meeting
	Held (during their respective tenures)	Attended	
Hitesh Khanna	5	5	YES
Anil jain	5	5	YES
Surajit Dutta	5	5	YES
A.K. Goyal	5	4	YES

Ms. Deepshikha Gupta, Company Secretary, attended all the Board Meetings held during the year 2015-16.

COMMITTEES OF BoD

6.1 Audit Committee

6.1.1 Terms of Reference

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

Governance, Chapter -4, Para 4.2 to Para 4.5 was adopted by the BoD. In brief they include the following core areas:

1) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

2) Reviewing, with the management, the annual financial statements before they are approved by the Board of Directors. In particular :-

   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

   b. Changes, if any, in accounting policies and practices and reasons for the same;

   c. Major accounting entries involving estimates based on the exercise of judgment by management;

   d. Significant adjustments made in the financial statements arising out of audit findings;

   e. Compliance with legal requirements relating to financial statements;

   f. Disclosure of any related party transactions; and

   g. Qualifications in the draft audit report.

3) Reviewing, with the management, the quarterly financial statements before they are approved by the Board of Director.

4) Management discussion and analysis of financial condition and results of operations;

5) Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.

6) Discussion with auditors – both internal and statutory auditors – to address significant issues and follow up thereon.

7) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

8) Recommending to the Board the fixation of audit fees.

9) Reviewing the appointment, reappointment remuneration, and removal etc of internal auditor.

10) Reviewing the Certification/declaration of financial statements by the Chief Executive/Head of Finance.

6.1.2 Audit Committee – Composition and Attendance :

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

The present composition of the committee is:

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

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

The Audit Committee met 5 times during financial year 2015-16 on 25th May 2015, 27th July 2015, 27th August 2015, 23rd December 2015 and 02nd March 2016.

The attendance details are:

Member	Status	Meetings held (during their respective tenures)	Meetings attended
Surajit Dutta (throughout 2015-16)	Chairman	5	5
Anil Jain (throughout 2015-16)	Member	5	4
A.K. Goyal (throughout 2015-16)	Member	5	5

During 2015-16, Ms. Deepshikha Gupta, Company Secretary, is the Secretary of the Audit Committee and attended all the meetings held during the year 2015-16.

6.2 Corporate Social Responsibility (CSR) Committee

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

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

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

The constitution of the Committee is as under:

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

(ii) Mr. Anil Jain -- Part-time Director as Member

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

(iv) Deepshikha Gupta -- Company Secretary as Secretary of the Committee

No meeting of committee has been held during the year 2015-16.

6.3 Nomination and Remuneration Committee

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

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

Terms of Reference

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

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

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

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

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

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

The constitution of the Committee is as under:

(i) Mr. Anil Jain -- Part-time Director as Chairman

(ii) Mr. A. K. Goyal -- Part-time Director as Member

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

(iv) Deepshikha Gupta -- Company Secretary as Secretary of the Committee

No meeting of committee has been held during the year 2015-16.

7. General Body Meetings

7.1 Annual General Meeting

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

AGM No.	Financial Year	Date of holding meeting	Time	Location
6th	2014-15	21st September 2015	1400 hrs	Company's Registered Office, Delhi
5th	2013-14	10th September 2014	1530 hrs	Company's Registered Office, Delhi
4th	2012-13	2nd September 2013	1500 hrs	Company's Registered Office, Delhi

No special resolution was required or passed in the last three Annual General Meetings (from 2012-13 to 2014-15)

7.2 Extra-Ordinary General Meeting

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

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

B. Special Resolution:

(a) 4th Extra-Ordinary General Meeting held on 20th February 2015

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

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

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

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

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

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

8. Disclosures

8.1 During the year, there was no transaction of material nature with the directors or their relative that had potential conflict with the interest of the Company. Attention of the members is drawn to the disclosure of transactions with the related parties set out in Note no. 39 to the Financial Statements.

8.2 The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of Financial Statements. Consequent upon the notification of New Companies Act 2013, Para 4(a) to Schedule II, which require that if components of an asset with significant value have a different useful life than the remaining asset, useful life of that component shall be determined separately. Due to changes in method of calculation, depreciation on Machinery has been calculated separately on all the components, which has resulted in increase in the amount of depreciation by ₹ 30.09 Lakhs (Depreciation as per new Provision ₹ 129.27 Lakhs and Depreciation as per old Provisions ₹ 99.18 Lakhs),which has further reduced company PBT by the ₹30.09 Lakhs.

8.3 During 2015-16, there are no items of expenditure debited in books of accounts, other than for the business purposes of the Company. Also, no expenses have been incurred by the Company which are personal in nature for the Directors and Top Management except for the remuneration paid to Key Executives, which is as per Government approved pay and perks (Details disclosed in Note no. 41 forming part of the Financial Statements

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

(₹ in crores)

Particulars	2015-16	2014-15	Remarks
Administrative expenses	**2.15**	**0.92**	NIL
Bank & Other Finance Charges	**3.91**	**5.61**	Interest on Loan.
Total Expenses	**59.26**	**21.22**	NIL
Administration expenses/ Total expenses (in %)	**3.63%**	**4.34%**	
Bank & Financial Charges/ Total expenses (in %)	**6.60%**	**26.44%**	NIL

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

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

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

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

8.9 IrconISL has secured, based on self-evaluation, an annual score of **'97.5'** out of 100 which falls under 'Excellent' grade for compliance of DPE Corporate Governance Guidelines for the year 2015-16.

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

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

9. CEO/CFO CERTIFICATION

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

10. GENERAL INFORMATION FOR SHAREHOLDERS

- **Means of communication**

  The Annual Report including the audited financial statements for the year 2015-16 of IrconISL are available on the website of the Company www.irconisl.com and at the Registered Office of the company.

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

  Date : 27th September 2016
  Time : 15.00 Hours
  Venue : Board Room of the Company's Registered Office - C-4, District Centre, Saket, New Delhi – 110 017

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

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

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

- **Address for Correspondence :**

  The address of registered office of the company is :
  Ircon Infrastructure & Services Limited
  Plot No. C-4, District Centre,
  Saket,
  New Delhi – 110 017
  Contact No. : 29565666
  Fax No. : 26854000
  E-Mail Id : info@irconisl.com
  Website : www.irconisl.com

11. Compliance on Corporate Governance

This Report duly complies with the legal requirements in respect of data that should be disclosed in a corporate governance report for the year 2015-16.

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

For and on behalf of the Board of Directors
Sd/-
(Hitesh Khanna)
Chairman
(DIN 02789681)

Place: New Delhi
Date: 24.08.2016

Annexure-"D-1"

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATION

We have reviewed the Financial Statements including the Balance Sheet, Statement of Profit & Loss, and the Cash Flow Statement for the financial year 2015-16 and to the best of our knowledge and belief:

(I) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

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

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

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

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

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

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

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

Place: New Delhi
Dated: 24.08.2016

Annexure-"D-2"

M. Bangia & Associates
Company Secretaries

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

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

To
The Members of
Ircon Infrastructure & Services Limited
New Delhi

In respect of the compliance of the conditions of Corporate Governance for the year ended 31st March, 2016, by Ircon Infrastructure & Services Limited, a Government Company under section 2 (45) of the Companies Act, 2013 as required by the Guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE):

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

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

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

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

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

FOR M.BANGIA & ASSOCIATES
COMPANY SECRETARIES

MANOJ BANGIA
Proprietor
CP NO. 3655

Place: NEW DELHI
Dated: 24/08/2016

Annexure-E

K. K. SINGH & ASSOCIATES
COMPANY SECRETARIES

Head Office :
384P, Sector-40, Gurgoan-122 003,
Haryana, India
Ph : +91-124-4370002
Fax : +91-124-4370002
Mob : 9268567252-54,
E-Mail : admin@kksinghassociates.com
kksinghassociates@gmail.com
Website : www.kksinghassociates.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016

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

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

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

Based on our verification of the Ircon Infrastructure & Services Limited's books, papers, minute books, forms, returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31stMarch, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, returns filed and other records maintained by Ircon Infrastructure & Services Limited for the financial year ended on 31st March, 2016, according to the provisions of:

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

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

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

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder ;

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

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

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

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

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

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

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

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

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

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

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

b) Respective Labour Laws to the extent applicable.

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

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

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

During the period under review and as per the explanations and representations made by the management and subject to clarifications given to us the Company has satisfactorily complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations i.e. the Code of Conduct as required under DPE Guidelines, 2010 is under process.

We further report that:

The Board of Directors of the Company is duly constituted. All four Directors are nominated by its holding company who is non executive Directors. During the period under review, there is no change in the composition of the Board of Directors of the company. The company needs to have right blend of Independent Director as per DPE Guidelines read with Companies Act, 2013 too which is yet to be complied with.

Further, Audit Committee and Nomination and remuneration committee also need to have right blend of independent Director which required the attention of Board for compliance.

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

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

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

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

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

I. Public/Preferential issue of shares / debentures/sweat equity, etc. except the allotment of Rights shares on 25.05.2016 in accordance with the provisions of the Act.

II. Redemption / buy-back of securities.

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

IV. Merger / amalgamation / reconstruction, etc.

V. Foreign technical collaborations

For K. K. Singh & Associates
Company Secretaries

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

Date : 24.08.2016
Place : Gurgaon

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

'ANNEXURE-A'

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our finding /audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. We have relied upon the Report of Statutory Auditors regarding compliance of Companies Act, 2013 and Rules made thereunder relating to maintenance of Books of Accounts, papers and financial statements of the relevant Financial Year, which give a true and fair view of the state of the affairs of the Company.

4. We have relied upon the Report of Statutory Auditors regarding compliance of Fiscal Laws including Service Tax and not gone into that.

5. Wherever required, we have relied on the Management representation and obtained the same about the compliance of laws, rules and regulations and happening of events etc.

6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

For K. K. Singh & Associates
Company Secretaries

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

Date : 24.08.2016
Place : Gurgaon

Financial Statements (2015-16)

FINANCIAL HIGHLIGHTS OF IrconISL

(INR in Lacs)

	PARTICULARS	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
1.	Operating Income	7,404.72	3,638.76	3,107.51	1,257.52	606.42	110.36
2.	Other Income	782.65	512.33	91.20	24.27	8.02	
3.	**Total Income (1+2)**	**8,187.37**	**4,151.08**	**3,198.72**	**1,281.79**	**614.45**	**110.36**
4.	Expenditure	5,926.34	2,122.00	1,858.00	1,003.00	233.00	101.24
5.	Operating Margin (PBDIT)	2,652.12	2,836.60	1,893.04	278.79	381.45	9.12
6.	Interest Expenses	391.09	560.60	485.90	-	-	-
7.	Profit Before Tax	2,261.03	2,028.77	1,340.55	279.15	381.59	9.12
8.	Profit After Tax	1,422.27	1,092.60	766.04	191.53	255.69	7.09
9.	Reserves & Surplus	3,733.63	2,311.36	1,218.76	452.72	261.18	5.49
10.	Long Term borrowings	2,521.00	3,150.00	4,815.40	3,400.72	5,092.00	2,320.00
11.	Share Capital	6,500.00	4,000.00	4,000.00	4,000.00	490.00	490.00
12.	Share Capital Pending Allotment	-	2,500.00	-	4,452.72	-	-
13.	**Net Worth**	**10,233.63**	**8,811.36**	**5,218.76**	**4,452.72**	**751.18**	**495.49**

CIN-U45400DL2009GOI194792

BALANCE SHEET

as at 31st March 2016

(Figures in ₹)

	Particulars	Note No.	Figures as at 31st March, 2016	Figures a at 31st March,2015
I.	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	(a) Share capital	2	65,00,00,000	40,00,00,000
	(b) Reserves and surplus	3	37,33,62,811	23,11,35,990
2	**Share Application Money Pending Allocation**	**4**	**-**	**25,00,00,000**
3	**Non-current liabilities**			
	(a) Long-term Liabilities	5	52,55,08,534	50,65,59,665
	(b) Deferred tax liabilities (net)	6	11,45,14,562	6,88,51,845
	(c) Long-term provisions	7	12,388	-
4	**Current liabilities**			
	(a) Trade payables	8	3,98,02,488	3,00,75,552
	(b) Other current liabilities	9	13,35,68,034	14,93,81,026
	(c) Short-term provisions	7	6,31,81,989	5,83,00,578
	TOTAL		**1,89,99,50,806**	**1,69,43,04,656**
II.	**ASSETS**			
	Non-current assets			
1	**(a) Fixed assets**			
	(i) Tangible assets	10	10,00,35,470	11,21,10,452
	(ii) Intangible assets	10	93,92,20,041	94,31,77,809
	(iii) Capital work-in-progress	11	-	90,11,750
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)	6	-	-
	(d) Long-term loans and advances	12	3,58,188	3,58,188
	(e) Other non-current assets	13	2,67,554	2,54,253
2	**Current assets**			
	(a) Current investments		-	-
	(b) Inventories	14	40,406	-
	(c) Trade Receivables	15	34,88,13,800	16,99,03,056
	(d) Cash and Cash Equivalents	16	42,89,76,729	40,84,32,907
	(e) Short-term loans and advances	17	6,02,52,009	5,00,19,488
	(f) Other current assets	18	2,19,86,609	10,36,753
	TOTAL		**1,89,99,50,806**	**1,69,43,04,656**
III.	Significant Accounting Policies	1		
IV.	Notes forming part of Financial Statements	2- 49		

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

For and on behalf of the Board of Directors

CA J C Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Deepshikha Gupta**	**Surajit Dutta**	**Hitesh Khanna**
(Partner)	C.F.O.	C.E.O.	Co. Secy.	Director	Chairman
M. No. 012001				(DIN-06687032)	(DIN-02789681)

Place : New Delhi
Date : 24.08.2016

CIN-U45400DL2009GOI194792

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2016

(Figures in ₹)

	Particulars	Note No.	Figures for the year ended 31st March, 2016	Figures for the year ended 31st March,2015
	Revenue :			
I	Revenue from operations	19	74,04,71,575	36,38,75,610
II	Other income	20	7,82,64,911	5,12,32,695
III	**Total Revenue**		**81,87,36,486**	**41,51,08,305**
IV	**Expenses :**			
	Operating and administrative expenses :			
	- Operating Expenses	21	46,38,90,187	5,71,25,165
	- Administrative Expenses	21	2,15,30,945	92,39,811
	Employee benefits Expense	21	3,76,54,443	6,50,84,060
	Finance costs	22	3,91,08,973	5,60,59,503
	Depreciation and amortization expense	10	3,04,49,036	2,47,23,042
	Total Expenses		**59,26,33,584**	**21,22,31,581**
V	**Profit Before Exceptional and Extraordinary Items and Tax (III - IV)**		22,61,02,902	20,28,76,724
VI	Exceptional Items		-	-
VII	**Profit Before Extraordinary Items and Tax (V - VI)**		**22,61,02,902**	**20,28,76,724**
VIII	Extraordinary Items		-	-
IX	**Profit Before Tax (VII - VIII)**		**22,61,02,902**	**20,28,76,724**
X	Tax expense :			
	(1) Current tax			
	- For the year		4,21,22,382	3,40,47,292
	- For earlier years (net)		(39,09,018)	(9,10,896)
	(2) Deferred tax (net)		4,56,62,717	6,04,80,586
	Total Tax Expense		**8,38,76,081**	**9,36,16,982**
XI	**Profit (Loss) for the period from continuing operations (IX-X)**		**14,22,26,821**	**10,92,59,742**
XII	**Profit (Loss) for the period**		**14,22,26,821**	**10,92,59,742**
XIII	Earnings per equity share (in ₹)	26		
	- Basic		2.32	2.73
	- Diluted		2.32	2.73
XIV	Notes forming part of Financial Statements	2- 49		

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

For and on behalf of the Board of Directors

CA J C Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Deepshikha Gupta**	**Surajit Dutta**	**Hitesh Khanna**
(Partner)	C.F.O.	C.E.O.	Co. Secy.	Director	Chairman
M. No. 012001				(DIN-06687032)	(DIN-02789681)

Place : New Delhi
Date : 24.08.2016

CIN-U45400DL2009GOI194792

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(Figures in ₹)

Particulars	Figures for the year ended 31st March, 2016		Figures for the year ended 31st March, 2015	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		22,61,02,902		20,28,76,724
Adjustments for :				
Depreciation and amortisation (Refer note no 10)	3,04,49,036		2,47,23,042	
Provision for impairment of fixed assets and intangibles	-		-	
Amortisation of share issue expenses, discount on shares and Preliminary Expenses	-		-	
(Profit) / loss on sale / write off of assets	-		-	
Expense on employee stock option scheme	-		-	
Finance costs	3,91,08,973		5,60,59,503	
Interest income	-		-	
Liabilities / provisions no longer required written back	4,86,249		-	
		7,00,44,258		8,07,82,545
Operating profit / (loss) before working capital changes		**29,61,47,160**		**28,36,59,269**
Changes in working capital :				
Adjustments for (increase) / decrease in operating assets :				
Inventories	(40,406)		-	
Trade receivables	(17,89,10,744)		(6,13,68,272)	
Short-term loans and advances	(4,97,201)		(15,01,907)	
Long-term loans and advances	-		(1,13,188)	
Other current assets	(2,09,49,856)		(9,58,763)	
Other non-current assets	(13,301)		(10,476)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	97,26,936		(7,30,524)	
Other current liabilities	(3,87,12,992)		4,72,19,514	
long-term liabilities	8,18,48,869		14,63,41,876	
Short-term provisions	(36,79,928)		(4,09,134)	
Long-term provisions	12,388		-	
		(15,12,16,235)		12,84,69,126
		14,49,30,925		**41,21,28,395**
Cash flow from extraordinary items		-		-
Cash generated from operations		14,49,30,925		41,21,28,395
Net income tax (incl. TDS) (paid) / refunds		(3,98,73,594)		(6,01,50,381)
Net cash flow from / (used in) operating activities (A)		**10,50,57,331.27**		**35,19,78,014.00**

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(Figures in ₹)

Particulars	Figures for the year ended 31st March, 2016		Figures for the year ended 31st March, 2015	
	₹	₹	₹	₹
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(54,04,536)		(1,12,60,911)	
Proceeds from sale of fixed assets	-		-	
Inter-corporate deposits (net)	-		-	
Interest received				
- Subsidiaries	-		-	
- Associates	-		-	
- Joint ventures	-		-	
- Others	-		-	
Cash flow from extraordinary items		(54,04,536)		(1,12,60,911)
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) investing activities (B)		**(54,04,536)**		**(1,12,60,911)**
C. Cash flow from financing activities				
Proceeds from issue of equity shares			-	
Share application money received / (refunded)	-		25,00,00,000	
Net Proceeds from long-term borrowings (from Holding Company)	(4,00,00,000)		(16,65,40,000)	
Net increase/(decrease) in working capital borrowings	-		-	
Finance cost	(3,91,08,973)		(5,60,59,503)	
Tax on dividend	-		-	
		(7,91,08,973)		2,74,00,497
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		**(7,91,08,973)**		**2,74,00,497**
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**2,05,43,822**		**36,81,17,600**
Cash and cash equivalents at the beginning of the year		40,84,32,907		4,03,15,307
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		42,89,76,729		40,84,32,907
Reconciliation of Cash and cash equivalents with the Balance Sheet :				
Cash and cash equivalents as per Balance Sheet		42,89,76,729		40,84,32,907
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		42,89,76,729		40,84,32,907

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(Figures in ₹)

Particulars	Figures for the year ended 31st March, 2016		Figures for the year ended 31st March, 2015	
	₹	₹	₹	₹
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		-		-
Cash and cash equivalents at the end of the year *		**42,89,76,729**		**40,84,32,907**
* Comprises :				
(a) Cash on hand		-		-
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		1,93,98,878		38,02,579
(ii) In EEFC accounts		-		-
(iii) In Flexi accounts		3,41,86,255		5,68,48,889
(iv) In deposit accounts with original maturity of less than 3 months		21,98,52,596		19,77,81,439
(v) In earmarked accounts		-		-
(vi) Remittance in Transit		-		15,00,00,000
(d) Others bank balances(Fixed deposit with maturity more than 3 months upto 12 months		15,55,39,000		-
(e) Current investments considered as part of Cash and cash equivalents		-		-
		42,89,76,729		**40,84,32,907**

Notes :

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

(iii) The Last Year's figures has been rescheduled as per new format as per Schedule III

See accompanying notes forming part of the financial statements

In terms of our report attached
For Kapoor Goyal & Co.
Chartered Accountants
FRN - 001370N

For and on behalf of the Board of Directors

CA J C Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Deepshikha Gupta**	**Surajit Dutta**	**Hitesh Khanna**
(Partner)	C.F.O.	C.E.O.	Co. Secy.	Director	Chairman
M. No. 012001				(DIN-06687032)	(DIN-02789681)

Place : New Delhi
Date : 24.08.2016

NOTE No. 1

SIGNIFICANT ACCOUNTING POLICIES

(i) Corporate Information

Ircon Infrastructure & Services Limited is a wholly owned Subsidiary Company of Ircon International Limited. The Company had initially incorporated for Construction and development of Multi-Functional Complexes (MFCs) at identified Railway stations to provide amenities to Railway users. Also, the company diversified progressively to Infrastructure Consultancy Projects, Preparation of DPR and FS, Project Management Consultancy Projects, Supply of Manpower, Leasing of Plant & Machinery, Sub-Leasing of MFCs and execution of CSR projects of various clients including Holding Company. The Company caters to both domestic and international markets.

(ii) Basis of Preparation

(a) These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy.

(b) The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known/materialize.

(c) The financial statements are reported in Indian rupees.

(iii) Foreign Currency Transactions

(a) <u>Transactions of Indian operations :</u>

Foreign Currency transactions are translated in the following manner:

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

ii) Fixed assets and non-monetary items are translated at the rate on the date of transaction.

iii) Depreciation is translated at the rates used for translation of the value of the assets on which depreciation is calculated.

iv) Monetary items and contingent liabilities denominated in foreign currency are translated at the prevailing closing buying rate at each balance sheet date.

(b) Transactions of Integral Foreign Operations

Foreign currency transactions of foreign branches are translated in the following manner:

i) Revenue items are translated into Indian Currency at the rate prevalent on the date of transaction.

ii) Fixed assets and non-monetary items are translated at the rate on the date of transaction.

iii) Depreciation is translated at the rates used for the translation of the value of the assets on which depreciation is calculated.

iv) Monetary items and contingent liabilities are translated at the prevailing closing buying rate at each balance sheet date.

(c) The net exchange differences resulting from the translations at (a) & (b) above are recognized as income or expense for the year.

(d) Transactions of Non-Integral Foreign Operations

Financial statements of Non- Integral Foreign Operations are translated in the following manner-

i) The assets and liabilities, both monetary and non-monetary are translated at the closing buying rate.

ii) Income and expense items are translated at the rate on date of transaction.

iii) All resulting exchange difference is accumulated in foreign currency translation reserve until disposal of the net investment and is recognized as income or expense in the same period in which gain or loss on disposal is recognized.

(iv) Fixed assets

(1) Tangible Assets

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

(b) 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.

(c) Incidental expenditure during construction period incurred up to the date of commissioning is capitalized.

(2) Intangible Assets

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

(b) Capital Work in Progress: All the expenditure directly or indirectly relating to construction activity are capitalised and is valued at cost. Indirect Expenditure /Incidental Expenditure during the construction period is capitalised as cost to the extent to which the expenditure is directly related to construction or is incidental thereto.

(c) Intangible assets are stated at cost of construction till completion less accumulated depreciation / amortisation and accumulated impairment loss, if any.

(v) Investments

a) Non Current Investments are valued at cost less provision for permanent diminution in value, if any.

b) Current Investments are valued at lower of cost and fair value.

c) An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operation of the Company, is classified as investment property. Investment Properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

(vi) Inventories

(a) **Construction Work in Progress**

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

(b) **Others**

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

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

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

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

(vii) Cash and Bank balance

Cash and bank balances comprise of cash at bank, cash in hand, Cheques in hand, demand deposits and bank deposits with maturity period up to 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.

(viii) Provisions

(a) **Provision for Maintenance**

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

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

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

(b) **Provision for Demobilisation**

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

(c) **Provision for Doubtful Debts /Advances**

Provision for Doubtful Debts /Advances is made when there is uncertainty of realisation irrespective of the period of its dues. For outstanding over 3 years full provision is made unless the amount is considered recoverable. Debts/Advances are written off when unrealisibility is almost established.

(d) **Others**

Provision is recognised when:

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

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

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

Reimbursement of the expenditure required to settle a provision is recognised as per contract provisions or when it is virtually certain that reimbursement will be received. Provisions are reviewed at each Balance Sheet date.

(ix) Revenue Recognition

(a) Contract Revenue Recognition

Contract Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Depending on the nature of contract, revenue is recognised as under-

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

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

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

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

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

(b) Other Revenue Recognition

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

(ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

(x) Accounting for Joint Venture (JV) Contracts

(a) Jointly controlled operations under work sharing arrangements are accounted as independent contracts;

(b) In respect of contracts executed by a jointly controlled entity,

(i) Unincorporated joint ventures:

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

(ii) Incorporated jointly controlled entities:

- Income on investments is recognised when the right to receive the same is established.
- Investment in such joint ventures is carried at cost after providing for any diminution in value which is other than temporary in nature.

(xi) Leases

(a) Lease incomes from assets given on operating lease are recognized as income in the statement of profit & loss on straight-line basis over the lease term.

(b) Lease payments for assets taken on operating lease are recognized as expense in the statement of profit & loss on straight-line basis over the lease term.

(xii) Liquidated Damages and Escalations

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

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

(xiii) Research & Development Expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are charged to the Statement of Profit and Loss unless a product's technological feasibility has been established, in which case such expenditure is capitalised.

(xiv) Mobilisation Expenses

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

(xv) Depreciation & Amortisation

Tangible Assets

(a) 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.

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

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

Intangible Assets

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

(b) Capital Expenditure as referred in accounting policy no. (iv)(2)(b) as above amortised over the lease period from the year in which the concerned project comes into commercial operations.

(xvi) Impairment of Assets

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

(xvii) Borrowing Cost

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

(b) Borrowing cost that is directly attributable to acquisition, construction or production of a qualifying asset is capitalized as part of the cost of the asset.

(xviii) Employee Benefits

(a) Short Term Employee Benefits

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

(b) Post-employment benefits & other long term Employee Benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme. The contributions to the Employee Provident Fund Organisation are charged to the Statement of the Profit & loss for the year when the contributions are due.

(ii) The Provision to the gratuity Fund based on the AS-15 is charged to the Statement of Profit & Loss for the year.

(c) Other

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

(ii) Similarly, Provident Fund contribution of the employees on nomination/secondment is made by the Holding Company to its PF Trust on accrual basis

(iii) Similarly, all other provisions of Retirement Benefits of the employees on nomination/ secondment basis is made by its Holding Company.

(iv) Provision for leave salary only is made in the books of accounts, for the contract employee, as no other retirement benefit are payable to them.

(xix) Prior period adjustment and extraordinary items

(a) Income/expenditure relating to prior period and prepaid expenses not exceeding Rs. 1,00,000/- in each case are treated as income/expenditure of the current year.

(b) Voluntary Retirement Scheme expenses are charged off in the year of incidence of expense.

(xx) 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 tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognized if there is virtual certainty that sufficient future taxable income will be available to realize the same.

(c) Deferred income- tax on timing differences is computed using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

(xxi) Segment Reporting

The Company has identified two primary reporting segments based on geographic location of the project viz. Domestic & International and Five secondary reporting segments based on Consultancy Projects, Supply of Manpower, Sub- Leasing of MFCs, Leasing of Plant & Machinery, Other operating Revenue.

(xxii) Earnings Per Share

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

(xxiii) Contingent Liabilities and Contingent Assets

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

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

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

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

(b) Contingent Assets are neither recognized, 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

Share Capital

(Figures in ₹)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Authorised		
6,50,00,000 Equity shares of Rs.10 each		
(Previous year : 6,50,00,000 Equity shares of Rs.10 each)	65,00,00,000	65,00,00,000
Issued, Subscribed & Paid-up		
6,50,00,000 Equity shares of Rs.10 each-fully paid	65,00,00,000	40,00,00,000
(Previous year : 4,00,00,000 Equity shares of Rs.10 each)		
TOTAL	**65,00,00,000**	**40,00,00,000**

Details of Shareholders holding more than 5% shares in the company

Type of Shares	Name of Shareholder	As at 31st March, 2016		As at 31st March, 2015	
		No. of Shares	% age of Holding	No. of Shares	% age of Holding
Equity Shares (Face value of Rs. 10 per share)	Ircon International Limited (Holding Company)	6,50,00,000	100%	4,00,00,000	100%
	Total	**6,50,00,000**	**100%**	**4,00,00,000**	**100%**

Reconciliation of Share Capital :

Particulars	For the year 2015-16		For the year 2014-15	
	No. of Shares	Amount	No. of Shares	Amount
Opening Share Capital	4,00,00,000	40,00,00,000	4,00,00,000	40,00,00,000
Add: Shares issued during the year	2,50,00,000	25,00,00,000	-	-
Closing Share Capital	6,50,00,000	65,00,00,000	4,00,00,000	40,00,00,000

Notes :

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

2) During the year, total 2,50,00,000 Nos. of Equity shares issued to Holding company on 25th May 2016.

Note No. 3

Reserves & Surplus

(Figures in ₹)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
a. CSR Activities Reserve				
Opening Balance	-			
Add :- Transfer from Statement of Profit & Loss	-		-	
Less :- Transfer to Statement of Profit & Loss	-	-	-	-
b. General Reserves				
Opening Balance	23,11,35,990		12,18,76,248	
Add : Current Year Transfer	14,22,26,821	37,33,62,811	10,92,59,742	23,11,35,990
c. Balance in Statement of Profit and Loss				
Net Profit/(Net Loss) for the current year	14,22,26,821		10,92,59,742	
Add: Transfer from Reserves	-		-	
	14,22,26,821		10,92,59,742	
Less :- Appropriations				
- Transfer to General Reserves	14,22,26,821	-	10,92,59,742	-
Total		**37,33,62,811**		**23,11,35,990**

Note No. 4

Share Application Money Pending Allocation

(Figures in ₹)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Share Application Money		
Related Party - Ircon International Limited	-	25,00,00,000
Total	**-**	**25,00,00,000**

Note No. 5

Long Term Liabilities

(Figures in ₹)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Trade Payables		
- Micro, Small & Medium Enterprises (Refer Note 27(i))		
- Others		
(b) Term Loan		
Loan From Related Party*		
- Ircon International Ltd.	25,21,00,000	31,50,00,000
(Refer note no.30)		
(c) Other Long term Liabilities		
- Upfront Amount from Sub - leasing of MFCs (Refer note no.38)	27,34,08,534	19,15,59,665
- Retention Money /Security Deposit		
- others		
Total	**52,55,08,534**	**50,65,59,665**

Note No. 6

Deferred Tax Asset

(Figures in ₹)

Particulars	As at 01st April, 2015	Addition (Deletion) during the year	As at 31st March, 2016
Asset			
Provision for :			
- Preliminary expenses written off	-	-	-
- Gratuity*	-	4,287	4,287
- Leave Salary	15,14,622	(10,77,729)	4,36,893
Total	**15,14,622**	**(10,73,442)**	**4,41,180**
Previous Year	16,53,687	(1,39,065)	15,14,622

* Refer note no. 29

Deferred Tax Liability

(Figures in ₹)

Particulars	As at 01st April, 2015	Addition (Deletion) during the year	As at 31st March, 2016
- Due to Depreciation on Fixed Assets	7,03,66,467	4,45,89,275	11,49,55,742
TOTAL	**7,03,66,467**	**4,45,89,275**	**11,49,55,742**
Previous Year	1,00,24,946	6,03,41,521	7,03,66,467

Deferred Tax Assets (Net)	**-**
Deferred Tax Liability (Net)	**11,45,14,562**

Note No. 7

Provisions

(Figures in ₹)

	Long Term	Short Term	Balance as at 01st April 2015	During the year 2015-16					Balance as on 31st March 2016	Long Term	Short Term
				Additions	Written Back	Utilisation	Exchange Gain	Exchange Loss			
Provided for :											
A Employees Related											
Retirement Benefits											
Gratuity	-	-	-	12,388	-	-	-	-	12,388	12,388	
Leave Salary	-	44,56,082	44,56,082	3,17,189	4,86,249	30,83,291	-	58,672	12,62,403		12,62,403
Total Employee Related Provisions	**-**	**44,56,082**	**44,56,082**	**3,29,577**	**4,86,249**	**30,83,291**	**-**	**58,672**	**12,74,791**	**12,388**	**12,62,403**
B Others											
Income-tax	-	5,38,44,496	5,38,44,496	4,21,22,382	39,09,018	3,01,38,274	-	-	6,19,19,586	-	6,19,19,586
Total Other Provisions (B)	**-**	**5,38,44,496**	**5,38,44,496**	**4,21,22,382**	**39,09,018**	**3,01,38,274**	**-**	**-**	**6,19,19,586**	**-**	**6,19,19,586**
C GRAND TOTAL (C = A+B)	**-**	**5,83,00,578**	**5,83,00,578**	**4,24,51,959**	**43,95,267**	**3,32,21,565**	**-**	**58,672**	**6,31,94,377**	**12,388**	**6,31,81,989**
D Less:- Considered Separately											
Income-tax adjusted / considered separately		-	-	4,21,22,382	39,09,018	3,01,38,274	-	-	-	-	-
T O T A L (D)	**-**	**-**	**-**	**4,21,22,382**	**39,09,018**	**3,01,38,274**	**-**		**-**	**-**	**-**
Net : Current Year (C - D)	**-**	**5,83,00,578**	**5,83,00,578**	**3,29,577**	**4,86,249**	**30,83,291**	**-**	**58,672**	**6,31,94,377**	**12,388**	**6,31,81,989**
Previous Year	-	5,48,39,509	5,48,39,509	3,82,850		10,23,292		2,31,308	5,83,00,578	-	5,83,00,578

NOTE :

Retirement Benefits provisons considered in Note 29	12,74,791

Note No. 8

Trade Payables

(Figures in ₹)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade Payables		
- Micro, Small & Medium Enterprises (Refer Note 27(i))	-	-
- Small Scale Industrial units (Refer Note 27(ii))	-	-
- Others		
(a) To Contractors & Suppliers	3,77,42,930	1,97,75,684
(b) To Related Parties		
Ircon International Limited	20,59,558	1,02,99,868
Total	**3,98,02,488**	**3,00,75,552**

Note No. 9

Other Current Liabilities

(Figures in ₹)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Income received in advance	3,94,13,606	5,46,24,844
(b) Other payables		
- Deposits & Retention Money	4,21,79,288	1,06,08,303
- Statutory Dues	69,86,402	76,08,103
- Book Overdraft	-	-
- Staff	16,73,461	41,13,891
- Others	5,36,530	40,676
(c) Unsecured Loan - Related Party		
(i) Ircon International Limited	2,29,00,000	-
(Refer note no.30)		
(d) Other payables - Related Party		
(i) Ircon International Limited		
- Towards Reimbursement of remuneration of staff, other exp , etc	1,78,52,986	2,19,61,032
- Interest Payable on Loan	20,25,761	5,04,24,177
Total	**13,35,68,034**	**14,93,81,026**

Note No. 10

Fixed Assets

(Figures in ₹)

Sl. No.	Fixed Assets	Gross Block				Accumulated Depreciation/ Amortisation				Net Block	
		As at 01.04.2015	Additions	Sales/ Adjustments	As at 31.03.2016	Upto 31.03.2015	For the year	Sales/ Adjustments	Upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
A	**Tangible Assets**										
	Plant & Machinery	12,66,74,773	5,31,305		12,72,06,078	1,49,54,484	1,29,68,788		2,79,23,272	9,92,82,806	11,17,20,289
	Computers	4,30,599	2,67,470		6,98,069	1,17,430	1,76,399		2,93,829	4,04,240	3,13,169
	Furniture, Fixtures, Furnishings	1,02,205	1,65,464		2,67,669	45,888	21,324		67,212	2,00,457	56,317
	Air Conditioners		82,500		82,500		13,685		13,685	68,815	-
	Electric Appliance		50,200		50,200		8,327		8,327	41,873	-
	Office Equipments	23,649	23,500		47,149	2,972	6,898		9,870	37,279	20,677
	Current Year Total	**12,72,31,226**	**11,20,439**	**-**	**12,83,51,665**	**1,51,20,774**	**1,31,95,421**	**-**	**2,83,16,195**	**10,00,35,470**	**11,21,10,452**
	Previous Year	12,68,73,729	3,57,497	-	12,72,31,226	50,94,907	1,00,25,867	-	1,51,20,774	11,21,10,452	12,17,78,822
B	**Intangible Assets**										
	Lease Rights	95,94,41,576	1,32,95,847	-	97,27,37,423	1,62,63,767	1,72,53,615		3,35,17,382	93,92,20,041	94,31,77,809
	Current Year Total	**95,94,41,576**	**1,32,95,847**	**-**	**97,27,37,423**	**1,62,63,767**	**1,72,53,615**	**-**	**3,35,17,382**	**93,92,20,041**	**94,31,77,809**
	Previous Year	66,59,47,470	29,34,94,106	-	95,94,41,576	15,66,592	1,46,97,175	-	1,62,63,767	94,31,77,809	66,43,80,878
	GRAND TOTAL CURRENT YEAR	**1,08,66,72,802**	**1,44,16,286**	**-**	**1,10,10,89,088**	**3,13,84,541**	**3,04,49,036**	**-**	**6,18,33,577**	**1,03,92,55,511**	**1,05,52,88,261**
	PREVIOUS YEAR	79,28,21,199	29,38,51,603	-	1,08,66,72,802	66,61,499	2,47,23,042	-	3,13,84,541	1,05,52,88,261	78,61,59,700

NOTE : 1. Depreciation/ Amortisation for the year has been allocated as given below :-

(Figures in ₹)

Description	2015-16	2014-15
Statement of Profit and Loss		
Current year	3,04,49,036	2,47,23,042
Prior Period	-	-
Total	**3,04,49,036**	**2,47,23,042**

2. Lease Rights :- The company has entered into an agreement with RLDA (Rail Land Development Authority) to build Multi Functional Complexes (MFCs) at various railway stations. The Land belongs to Railways and the company has construct the buildings on the same and having lease rights (commercial Rights) of 45 years from the date of commencement of MFC.
3. The Lease Rights has been amortised over the lease period from the date in which the concerned project comes into commercial operations on prorata basis. The amount amortised during the year Rs.172.54 lakhs (Previous year Rs. 146.97 Lakhs)

Note No. 11

Capital work-in-progress

(Figures in ₹)

Particulars	Opening Balance as at 1st April, 2015	Additions during the year 2015-16	Capitalisation of CWIP into Intangible assets (Lease Rights)	Balance as at 31st March, 2016
Capital Work In Progress *	90,11,750	42,84,097	(1,32,95,847)	-
TOTAL	**90,11,750**	**42,84,097**	**(1,32,95,847)**	**-**

* Break-up of Capital Work in progress

(Figures in ₹)

Particulars	Opening Balance as at 1st April, 2015	Additions during the year 2015-16	Capitalisation of CWIP into Intangible assets (Lease Rights)	Balance as at 31st March, 2016
Multi Functional Complex - Digha Project	-			-
Multi Functional Complex - Siliguri Project	-			-
Multi Functional Complex - Allahabad Project	-			-
Multi Functional Complex - Alleppey Project	-			-
Multi Functional Complex - Barddhaman Project	-			-
Multi Functional Complex - Bilaspur Project	-			-
Multi Functional Complex - Gwalior Project				-
Multi Functional Complex - Haridwar Project	-			-
Multi Functional Complex - Hubli Project	-			-
Multi Functional Complex - Hyderabad Project	-			-
Multi Functional Complex - Indore Project				-
Multi Functional Complex - Jabalpur Project	-			-
Multi Functional Complex - Jodhpur Project	-			-
Multi Functional Complex - Jammu Project (Passenger Amenity Centre)	90,11,750	7,19,715	(97,31,465)	-
Multi Functional Complex - Jammu Project (Rail Yatri Niwas)	-	35,64,382	(35,64,382)	-
Multi Functional Complex - Kannur Project	-			-
Multi Functional Complex - Madurai Project	-			-
Multi Functional Complex - Mysore Project	-			-
Multi Functional Complex - Raipur Project	-			-
Multi Functional Complex - Rajgir Project	-			-
Multi Functional Complex - Rampurhat Project	-			-
Multi Functional Complex - Tarapith Project	-			-
Multi Functional Complex - Thiruvalla Project	-			-
Multi Functional Complex - Udaipur Project	-			-
Total	**90,11,750**	**42,84,097**	**(1,32,95,847)**	**-**

Refer note no - 31

Note No. 12

Long Term Loans and Advances

(Figures in ₹)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
A. Unsecured, considered good				
Security Deposits				
- With Statutory Departments -	3,58,188	3,58,188	3,58,188	3,58,188
Total		**3,58,188**		**3,58,188**

Loans and Advances stated above do not include debts due by directors, other officers of the company, firm in which director is a partner or private company in which director is a member except JVs and Subsidiary as disclosed above.

(Figures in ₹)

Particulars	2015-16	2014-15
Directors *	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
Private Company in which director is a member	-	-

*Either severally or jointly

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

Note No. 13

Other Non Current Assets

(Figures in ₹)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
A. Secured, considered good				
- Interest Accured on :				
- Satff Advances	2,67,554		2,54,253	
- Contractors, Suppliers & Others			-	2,54,253
		2,67,554		
B. Unsecured, considered good				
Fixed Deposits More than 12 Months		-		-
Interest Accured on :				
- Statff Advances	-		-	
- Contractors, Suppliers & Others	-		-	
C. Considered Doubtful				
Less: Provision for ___________				
TOTAL		**2,67,554**		**2,54,253**

Other non current assets stated above do not include debts due by directors, other officers of the company, firm in which director is a partner or private company in which director is a member.

Note No. 14

Inventories

(Figures in ₹)

Particulars		As at 31st March, 2016		As at 31st March, 2015	
a.	Material and stores				
	- In Hand	40,406		-	
	- With Third Parties	-		-	
	- In Transit	-		-	
			40,406		-
b.	Construction work-in-progress at cost		-		-
	Total		**40,406**		**-**

Note No. 15

Trade Receivables *

(Figures in ₹)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
Unsecured :				
Outstanding for a period exceeding six months from the date they were due for payment				
- Considered good				
(a) From Related Party - Ircon International Limited	4,27,97,115		32,370	
(b) From Others	7,48,54,889		1,62,77,967	
- Considered doubtful		11,76,52,004	-	1,63,10,337
Outstanding for a period not exceeding six months from the date they were due for payment				
- Trade receivables				
- Considered good				
(a) From Related Party - Ircon International Limited	5,14,01,545		7,25,24,961	
(b) From Others	17,73,57,637		7,81,76,144	
- Considered doubtful	-		-	
		22,87,59,182		15,07,01,105
- Retention Money with client				
- Considered good	24,02,614		28,91,614	
- Considered doubtful & provided for		24,02,614		28,91,614
- Money Withheld by client				
- Considered good	-		-	
- Considered doubtful & provided for	-		-	
Less: Provision for doubtful debts		-		-
Total		**34,88,13,800**		**16,99,03,056**

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

* Includes amount due from Holding Company :

(Figures in ₹)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Outstanding for a period exceeding six months from the date they were due for payment	4,27,97,115	32,370
Outstanding for a period not exceeding six months from the date they were due for payment	5,14,01,545	7,25,24,961
Total	**9,41,98,660**	**7,25,57,331**

Note No. 16

Cash and cash equivalents

(Figures in ₹)

	Particulars	As at 31st March, 2016		As at 31st March, 2015	
	Cash and cash equivalents				
a)	Cash In hand		-		-
b)	Cheques / drafts in hand		-		-
c)	Balances with banks :				
	- In Current accounts	1,93,98,878		38,02,579	
	- In Flexi accounts	3,41,86,255		5,68,48,889	
	- In Fixed deposits (with a maturity period of less than 3 months)	21,98,52,596	27,34,37,729	19,77,81,439	25,84,32,907
d)	Reimttance in Transit *		-		15,00,00,000
	Other bank balances				
	- In Fixed deposits (with a maturity period of more than 3 months and upto 12 months)		15,55,39,000		-
	Total		**42,89,76,729**		**40,84,32,907**

Note No. 17

Short Term Loans and Advances

(Figures in ₹)

Particulars	As at 31st March, 2016		As at 31st March, 2015	
A. Secured, considered good				
Staff Loans and Advances	98,706		2,32,314	
Advances to Contractors against Material and Machinery	-	98,706	-	2,32,314
B. Unsecured, considered good				
Advance to Related Parties				
- Advances to Contractors - Ircon International Limited	-		-	
Deposits with Statutory Departments	-		-	
Staff Loans and Advances	71,560		32,851	
Claims Recoverable from Client	-		-	
Sales Tax	-		-	
Service Tax (Net)	7,82,980		38,462	
Income Tax (Incl. TDS)	5,92,62,768		4,95,27,448	
Prepaid Expenses	35,995		1,88,413	
Others	-	6,01,53,303	-	4,97,87,174
Total		**6,02,52,009**		**5,00,19,488**

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

Details of amount due from Directors:

Particulars	2015-16	2014-15
Staff Loans and Advances	-	-

Note No. 18

Other Current Assets

(Figures in ₹)

Particulars		As at 31st March, 2016	As at 31st March, 2015
A)	**Interest Accrued on :**		
	Staff loans and advances (Secured)	-	-
	Staff loans and advances (Unsecured)	-	-
	FDR's with Bank	1,04,52,593	10,36,753
B)	**Billable Revenue :**	1,15,34,016	-
	Total	**2,19,86,609**	**10,36,753**

Note No. 19

Revenue from Operations

(Figures in ₹)

Particulars	2015-16	2014-15
(A) Sale of Services		
Design Consultancy		
- Others	-	2,98,32,329
- Related Party	-	-
Sub- Total	-	2,98,32,329
Lease Rentals from Sub-Leasing of MFCs*		
- Others	14,74,98,854	8,09,47,124
- Related Party	-	-
Sub- Total	14,74,98,854	8,09,47,124
Supply of Manpower		
- Others	-	-
- Related Party	6,42,25,757	17,78,21,930
Sub- Total	6,42,25,757	17,78,21,930
Leasing of Plant & Machinery		
- Others	-	-
- Related Party	6,62,07,431	6,16,99,378
Sub- Total	6,62,07,431	6,16,99,378
Project Management Consultancy		
- Others	1,33,25,064	-
- From Swachh Bharat Abhiyan Projects	3,77,78,156	
- Related Party	-	-
Sub- Total	5,11,03,220	-
(b) Other operating Revenues		
Execution of CSR & Swachh Bharat Abhiyaan projects		
- Others	40,95,49,510	89,56,084
- Related Party	18,86,803	46,18,765
Sub- Total	41,14,36,313	1,35,74,849
Total	**74,04,71,575**	**36,38,75,610**

* Refer note no. 38

Note No. 20

Other Income

(Figures in ₹)

Particulars	2015-16	2014-15
Interest on Bonds (Gross)	-	-
Bank Interest Gross	2,91,03,293	43,84,426
Interest on staff advances	13,651	28,355
Interest on Receivables & Advances	2,33,16,901	1,75,63,553
Interest on Refund of Income Tax	5,84,860	-
Other non- operating income*		
- from Others	3,74,805	10,91,403
- from Related Party (Ircon International Limited)	2,48,71,401	2,81,64,958
TOTAL	**7,82,64,911**	**5,12,32,695**

* Note: Refer Note no. 46

Note No. 21

Cost of Operations, Employee Benefits Expense and Other Expenses

(Figures in ₹)

	Operating Expenses for the Year				Administrative Expenses for the Year	
Particulars	**2015-16**		**2014-15**		**2015-16**	**2014-15**
1. Expenses						
Cost of Operations (i)	46,38,90,187		5,71,25,165			
Total of Work expenses		**46,38,90,187**		**5,71,25,165**		
2. Other Expenses						
Rates and Taxes	-		-		26,42,514	-
Travelling & conveyance	-		-		81,87,094	25,76,396
Printing & stationery	-		-		2,62,205	1,23,421
Postage, telephone & telex	-		-		92,299	51,236
Legal & Professional charges	-		-		7,68,323	4,57,140
Insurance	-		-		2,54,284	1,88,313
Business promotion	-		-		-	-
Rent	-		-		21,31,373	-
Training & Recruitment Expenses	-		-		81,560	-
Vehicle operation & Maintenance	-		-		19,57,629	-
Bank and other Financial Charges	-		-		87,425	3,06,155
Auditors remuneration (ii)	-		-		1,03,097	93,725
Advertisement & publicity	-		-		10,23,710	22,14,227
Miscellaneous expenses	-		-		13,51,989	3,32,124
Fee & subscription charges	-		-		35,656	22,69,822
Honorium	-		-		15,500	14,000
Repair & Maintenance	-		-		9,25,162	11,600
CSR	-		-		10,36,271	-
Total of Other expenses		-		-	2,09,56,091	86,38,159
Total Operating expenses (1+2)		**46,38,90,187**		**5,71,25,165**		
3. Employee benefits Expense						
Salaries and wages	3,49,23,773		6,28,83,048			
Contribution to provident and other funds	28,87,342		18,18,162			
Provisions (Created)	3,29,577		3,82,850			
Less: Provision(Write Back)	(4,86,249)					
Total of employee benefits Expense		**3,76,54,443**		**6,50,84,060**		
4. Exchange Fluctuation Loss						
Exchange Fluctuation loss					17,40,922	25,08,310
Less: Exchange Fluctuation Gain					(11,66,068)	(19,06,658)
Net exchange Fluctuation Loss					5,74,854	6,01,652
Total Administrative Expenses					**2,15,30,945**	**92,39,811**

(i) Break-up of Cost of Operations

Particulars	**2015-16**	**2014-15**
Works Expenses- CSR	41,84,40,235	1,12,95,624
Works Expenses -Consultancy works	61,08,281	2,38,05,040
Works Expenses - Leasing of MFCs	3,57,71,429	1,74,28,098
Works Expenses for operation & Maintenance of EMP LAB	35,70,242	45,96,403
Total	**46,38,90,187**	**5,71,25,165**

(ii) Payment to Statutory Auditors :	**2015-16**	**2014-15**
(i) Audit Fee - current year	69,575	63,250
(ii) Tax Audit Fees - current year	20,872	18,975
(iii) Travelling & out of pocket expenses :		
- Local	12,650	11,500
Amount charged to Statement of Profit & Loss	1,03,097	93,725

Note No. 22

Finance Cost

(Figures in ₹)

Particulars	2015-16	2014-15
Interest Expenses		
- Interest on Loan from related party (Ircon International Limited)	3,91,08,973	5,60,59,503
Total	**3,91,08,973**	**5,60,59,503**

NOTES FORMING PART OF THE ACCOUNTS INCLUDING DISCLOSURES

23. Contingent liability consists of amounts not provided for:

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

    (b) Further, there are no litigations pending against the company.

24. Capital Commitment:

    Out of the total estimated value of contracts of ₹ **10,529.93 lakhs** (₹ 10,529.93 lakhs) to be carried out as per memorandum of Understanding dt. 17.2.2009, the work to the tune of ₹ **9,727.37 lakhs** (₹ 9,684.53 lakhs) have been carried out which has been considered as Capital work in progress under fixed assets. The estimated amount of contracts amounting to ₹ **802.56 lakhs** (₹ 845.40 lakhs**)** are remaining to be executed on Capital Accounts and not provided for.

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

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

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

26. Basic earnings per share are computed by dividing net profit after tax ₹ **1,422.27 Lakhs** (₹ 1,092.60 Lakhs) by **6,13,69,863 shares** (4,00,00,000 Shares) weighted average no of equity share . As there is no dilution involved, Diluted earning per share is same as basic earning per share.

27. a) The Company has send letters to their suppliers to check whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) or Not. Company has find that only some suppliers are covered under the Micro, Small and Medium Enterprises Development Act, 2006 but there are no amounts due to Micro, Small and Medium Enterprises as on 31st March 2016.

    b) The company has not received any information from any of its suppliers of their being a small scale industrial unit. Based on this information, amount due to small scale industrial undertaking, which is outstanding for more than 30 days as on 31st March 2016, is ₹ **Nil** (₹ Nil).

28. (a) CIF value of Imports:

Particulars	2015-16	2014-15
Materials/ Machinery	Nil	Nil
Consumables, Components and Spares	7.01	Nil
TOTAL	**7.01**	Nil

(b) Earnings in foreign currency:

(₹ in Lakhs)

Particulars	2015-16	2014-15
Work Receipts	**1,304.34**	2,395.22
Bank Interest	**0.35**	0.69
Other Interest	**0.00**	0.00
Foreign Exchange Fluctuation Gain (Net)	**0.00**	0.00
Others	**248.71**	281.65
TOTAL	**1,553.40**	2,677.56

(c) Expenditure in foreign currency:

(₹ in Lakhs)

Particulars	2015-16	2014-15
Operational Expenses	**153.37**	507.57
Consultancy charges	**1.24**	1.42
Foreign Exchange Fluctuation Loss (Net)	**5.75**	6.02
Administrative & Other Expenses	**23.13**	101.71
TOTAL	**183.49**	616.72

29. (A) During the year, the company recruits 2 employees on regular basis. Their P.F contribution, gratuity, leave encashment & other retirement benefits has been accounted in terms of AS-15 (Revised).

(B) However, the company has also employed certain employee on contract. The salary for these employees are booked in books of accounts and no other retirement benefits are payable to them except Leave encashment which has been provided for in the books of accounts.

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

(D) Some Officials working for Ircon Infrastructure & Services limited are posted on deputation basis and are on the rolls of Ircon International Limited. Their P.F contribution, gratuity, leave encashment & other retirement benefits have been accounted for on the basis of Advices from its Holding company. The provision for Gratuity & other Retirement Benefits of employees on deputation in terms of AS-15(Revised) is being made by its Holding company as per accounting policy (Note No -1, Point No. (xviii)).

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

30. The Company has taken a loan of ₹ **NIL** (₹ 650 lakhs) during the year from its Holding Company. During the year a sum of ₹ **400 lakhs** (₹ 2,315.40 Lakhs) have been repaid and Outstanding Loan comes to ₹ **2,750 lakhs** (₹ 3,150.00 Lakhs). As per repayment Schedule of loan Agreement, ₹ **229.00 lakhs** has been showed in current liability which is payable in next year. Interest during the year was paid on the loan is ₹ **391.09 lakhs**(₹ 560.59 Lakhs) .

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

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

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

(iv) During the year, 1 MFC project earlier carried out under Capital work in Progress were capitalized and transferred to lease (commercial) Rights under intangible assets (fixed Assets) namely MFC – Jammu (Passenger Amenity Centre).

(v) During the year, the Capital Expenditure of ₹ **35.64 lakhs** have been booked for MFC-Jammu Rail Yatri Niwas, which is carried out under Capital Work in Progress & transferred to lease (commercial) Rights under intangible assets (fixed Assets) namely MFC- Jammu (Rail Yatri Niwas).

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

32. (i) Memorandum of Understanding (MOU) was signed on 03.11.2011 and 08.06.2012 between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL). In terms of MOU, IRCON intends that some areas of Corporate Social Responsibility (CSR) works of IRCON be undertaken by IrconISL as a special agency, in tune with guidelines on CSR issued by DPE.

(ii) As per MOU, IrconISL shall be paid fixed percentage of 5% towards IrconISL Margin over the cost of work for execution of CSR activities. The revenue from the same is ₹ **18.87 lakhs** (₹ 46.19 Lakhs) during the period.

(iii) The revenue from the CSR & Swachh Bharat Abhiyaan works including Project Management Consultancy charges for various clients other than Holding Company is ₹ **4,473.27 lakh** (₹ 89.56 Lakhs).

33. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 26.12.2012, IrconISL has been awarded the work of "Supply of Manpower" to IRCON's Srilanka Project on Man-day rate basis. The revenue from the same is ₹ **373.13 lakhs** (₹ 1,315.08 Lakhs) during the year. Expenditure incurred on the same is ₹ **153.27 lakhs** (₹ 521.48 lakhs).

34. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 31.03.2015, IrconISL has leased out "Duomatic Tamping Machine" to IRCON's Srilanka Project on Hire Charges w.e.f. 23.11.2013. The revenue from the same is ₹ **662.07 lakhs** (₹ 616.99 Lakhs) during the year. Expenditure incurred on the same is ₹ **145.91 lakhs** (₹100.13 lakhs).

35. As per Agreement between Ircon International Limited (IRCON) and Ircon Infrastructure & Services Limited (IrconISL) dated 01.04.2013, IrconISL has been awarded the work of "Supply of Manpower" to IRCON's Malaysia Project on Man-day rate basis. The revenue from the same is ₹ **269.13 lakhs** (₹ 463.14 Lakhs) during the year. Expenditure incurred on the same is ₹ **18.23 Lakhs** (₹ 4.40 lakhs).

36. The company has secured and executes the work of construction of toilets block Swaach Bharat Abhiyaan as Project Management Consultants on cost plus basis from various clients. The revenue booked under these projects and CSR work of various clients other than Holding company is ₹ **4,473.27 lakhs** (NIL)

37. (A) The Holding company has handed over the possession of EMP Lab along with assets at Jammu to the company for operation & Maintenance of EMP Lab. The Company has incurred an expense of ₹ **35.70 lakhs** (₹ 45.96 Lakhs) on operation & Maintenance of EMP Lab at Jammu during the year, which is charged to Profit & Loss account and above includes electricity expenses of ₹ **1.07 lakhs** (₹ 0.76 Lakhs) for which bills are in the name of Ircon International Limited. These are the initial expenses for manpower & other administrative expenses.

    (B) During the Year, the EMP Lab of the company have got accreditation from **National Accreditation Board for Testing and Calibration Laboratories & Recognised by Jammu & Kashmir Pollution Control Board** for EMP lab Jammu. Now, the lab has started marketing efforts to secure the business, as the lab is operational.

38. The company has successfully Sub- leased 20 MFCs. During the year company has terminated Sub-Lease agreement of MFC at Kannur on 3rd December 2015. The company has received/ receivable one-time down payment and monthly rental from the Sub- lessee. The total revenue recognize under lease is ₹ **1,474.99 Lakh** (₹ 809.47 Lakhs) during the year. The one-time down payment received / receivable from sub-lessee are recognized as income in the statement of profit and loss on straight-line basis over the lease term on pro-rata basis.

39. <u>Disclosure regarding leases :</u>

    I. The Company has not taken any assets on operating lease.

    II. Operating Leases for Multi-Functional Complexes:

    (a) The Company has Sub – Leased 19 (Nineteen) MFCs to the various sub- lessees as on 31-03-2016.

(b) Future minimum lease rental Payable / receivable under non- cancellable lease are as under:

(₹ in lakhs)

Lease Rent	Not later than 1 year	Later than 1 year to 5 years	Later than 5 years
Receivable	1,262.64 (1,385.72)	170.30 (1,395.02)	Nil (Nil)
Payable	**NIL**(NIL)	**NIL**(NIL)	**NIL**(NIL)

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

(₹ in lakhs)

Particulars of assets	2015-16	2014-15
Gross carrying amount of Assets	**9,727.37**	9,594.41
Accumulated Depreciation/ Amortisation	**335.17**	162.64

(₹ in lakhs)

Particulars of assets	2015-16	2014-15
Depreciation/ Amortisation for the year	**172.54**	146.97

III. Details of Assets given on Lease.

Operating Leases for Duomatic Tamping Machine:

(a) The Company has provided 1 (One) Duomatic Tamping Machine on Lease to Holding company – Ircon International Limited as on 31-03-2016.

(b) This lease is not non-cancellable.

(c) The Lease income recognizes during the year is ₹ **662.07 lakhs** (₹ 616.99 Lakhs).

(d) In this leasing arrangement, the Duomatic Tamping machine is leased without operators and consumables.

(e) Monthly rental for the machine is receivable in form of Fixed and variable rental. Variable rentals are payable by lessee on a pre- determined rate on the basis of excess working hours over the normal working hours.

40. Segment Reporting:

Primary Segment information (Geographic): **(₹ in lakhs)**

Particulars	International		Domestic		Total	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
A. Turnover						
Revenue from Operations	**1,304.34**	2,395.22	**6,100.37**	1,243.54	**7,404.71**	3,638.76
Other Income	**249.07**	282.34	**533.58**	229.99	**782.65**	512.33
Inter-segment						
Total Revenue	**1,553.40**	2,677.56	**6,633.96**	1,473.53	**8,187.36**	4,151.09

B. Result						
Profit before Provision, Depreciation, Interest and Tax.	**1,368.06**	2,163.87	**1,586.98**	676.55	**2,955.04**	2,840.42
Less: Provision & write backs (Net)	**(1.85)**	3.83	**0.28**	-	**(1.57)**	3.83
Depreciation	**129.26**	98.91	**175.23**	148.32	**304.49**	247.23
Interest	**0.00**	0.29	**391.09**	560.30	**391.09**	560.59
Profit Before Tax	**1,240.65**	2,060.84	**1,020.38**	(32.07)	**2,261.03**	2,028.77
Tax Expense	**148.93**	331.36	**689.83**	604.81	**838.76**	936.17
Profit After Tax	**1,091.72**	1,729.48	**330.55**	(636.88)	**1,422.27**	1,092.60
C. Other Information						
Assets	**2,044.03**	1,929.18	**16,955.48**	15,013.87	**18,999.51**	16,943.05
Include Fixed Assets (Net Block)	**987.94**	1,117.20	**9,404.62**	9,435.68	**10,392.56**	10,552.88
Liabilities	**49.33**	420.58	**8,716.55**	7,711.11	**8,765.88**	8,131.69
Capital Expenditure: Additions to Fixed Assets	**0.00**	0.00	**54.04**	112.61	**54.04**	112.61

Secondary Segment information (Business): **(₹ in lakhs)**

Particulars	Operating Income		Segment Assets		Additions to Fixed Assets	
	2015-16	2014-15	**2015-16**	2014-15	**2015-16**	2014-15
Consultancy Projects	**511.03**	298.32	**35.96**	-	**-**	-
Supply of Manpower	**642.26**	1,778.22	**749.88**	654.49	**-**	-
Sub- Leasing of MFCs	**1,474.99**	809.47	**11,233.96**	10,291.39	**42.84**	109.04
Leasing of Plant & Machinery	**662.08**	616.99	**1,294.15**	1,275.06	**-**	-
Others operating Revenues from Execution of CSR & Swachh Bharat Abhiyaan Projects	**4,114.36**	135.75	**5,685.56**	4,722.11	**11.20**	3.57
Total	**7,404.71**	3,638.76	**18,999.51**	16,943.05	**54.04**	112.61

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

b. Relation and name of the related parties are:

i. Holding Company: Ircon International Limited.

ii. Key Management personnel:

Directors: Shri Hitesh Khanna, Shri Anil Jain, Shri Surajit Dutta and Shri A K Goyal.

Others: Shri C.K. Nayar (CEO), Shri Aniket Khetrapal (CFO), Ms. Deepshikha Gupta, Company Secretary.

c. Remuneration to Key management personnel are as under:

(₹ in lakhs)

S.No	Particulars	2015-16	2014-15
1	Salary & Allowances	**64.05**	50.79
2	Contribution to Provident Fund*	**5.54**	4.34
	Total	**₹ 69.59**	₹ 55.13

*Refer note no. 29

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

d. Related Party Transactions

(₹ in lakhs)

Particulars	Transactions		Outstanding Amount	
	2015-16	2014-15	2015-16	2014-15
Remuneration to Key management personnel (b above)	**As per Note no 41(c)**		**Nil**	Nil
Amount payable against Services & Purchase of Goods from Holding Company	**73.41**	119.50	**20.59**	102.99
Reimbursement of Expenses i.e. remuneration to staff as salary & Wages, PF contribution, travelling, etc.	**186.26**	78.36	**178.52**	219.61
Advance recoverable from Holding Company	**Nil**	Nil	**Nil**	Nil
Revenue income from Holding company	**1,571.91**	2,729.19	**941.99**	725.57
Loan from Holding Company*	**(400.00)**	(1665.40)	**2,750.00**	3,150.00
Interest payable on Loan taken from Holding company	**391.08**	560.60	**20.26**	504.24
Advance received from Holding company	**Nil**	Nil	**Nil**	Nil
Share Application Money received from Holding company	**Nil**	2,500.00	**Nil**	2,500.00

*During the year Company has taken a loan of ₹ NIL and repaid ₹ 400 lakhs.

42. The Company has an inventory of Rs. 0.40 Lakhs as at 31st March 2016.

43. The Company has carried out the assessment on impairment of individual assets by working out the recoverable amount based on lower of the net realisable value and carrying cost during the year in terms of AS 28 "Impairment of Assets" notified by the Companies (Accounting standards) Rules, 2006. The impairment loss is ₹ **Nil** (₹ Nil).

44. The Company does not have any prior period income or expenses during the year.

45. The provision of CSR as per section 135 of the Companies Act' 2013 are not applicable to the Company, as the net profit of the Company from its operation in India is less than ₹ **500.00 Lakhs** during the preceding financial year.

Sl.No	Particulars	Amount (₹ in Lakhs)
(a)	Gross Amount required to be spent by the Company during the year	Nil
(b)	Amount Spent during the year	10.36

- Break up of expenditure incurred is as follows:

(₹ in lakhs)

	Description	2015-16	2014-15
1.	Eradicating hunger, poverty & malnutrition, promoting preventive healthcare & sanitation & making available safe drinking water	6.36	Nil
2.	Promoting Education	4.00	Nil
	TOTAL	**10.36**	**Nil**

46. Other Income includes a sum of ₹ **248.71 lakhs** (₹ 281.65 Lakhs) as reimbursement of Taxes paid in Sri Lanka for the financial year 2014-15 from its Holding Company i.e. Ircon International Limited.

47. Consequent upon the notification of New Companies Act 2013, Para 4(a) to Schedule II, which requires that if components of an asset with significant value have a different useful life than the remaining asset, useful life of that component shall be determined separately. Due to changes in method of calculation, Depreciation on Machinery has been calculated separately on all the components, which has resulted in increase in the amount of depreciation by ₹ 30.09 Lakhs (Depreciation as per new Provision ₹ 129.27 Lakhs and Depreciation as per old Provisions ₹ 99.18 Lakhs), which has further reduced company PBT by the ₹ 30.09 Lakhs.

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

49. Previous year figure have been regrouped, rearranged and recast wherever necessary to make it comparable to the current year's classification. Figures shown in brackets ( ) represent previous year figures.

As per our report of even date attached

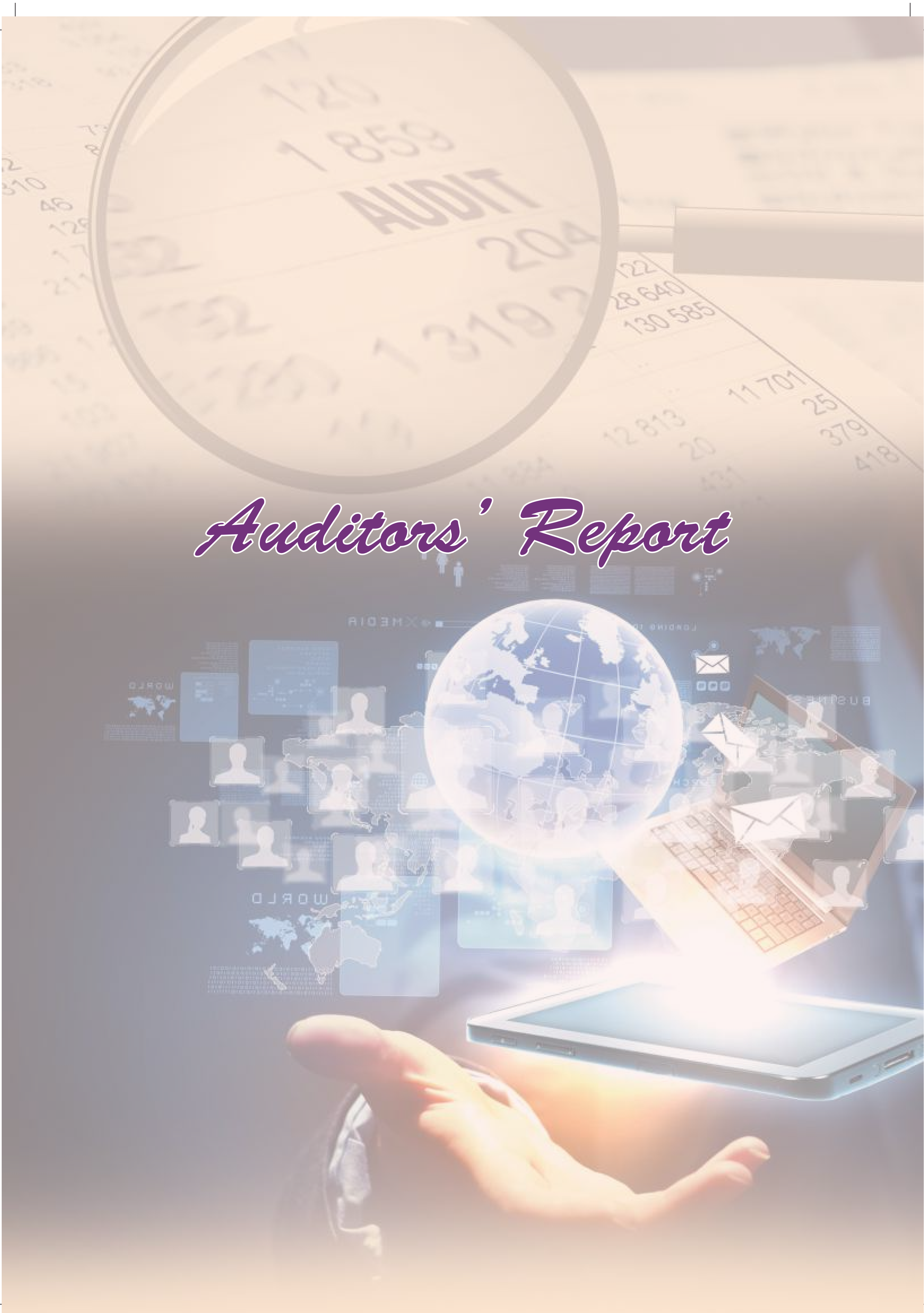
For Kapoor Goyal & Company
Chartered Accountants
FRN - 001370N

For and on behalf of Board of Directors

CA J C Kapoor	**Aniket Khetrapal**	**C. K. Nayar**	**Deepshikha Gupta**	**Surajit Dutta**	**Hitesh Khanna**
Partner	C.F.O.	C.E.O	Co. Secy.	Director	Chairman
M. No. 012001				(DIN-06687032)	(DIN-02789681)

Place : New Delhi
Date : 24.08.2016

Auditors' Report



INDEPENDENT AUDITOR'S REPORT

To The Members of
Ircon Infrastructure and Services Ltd.
New Delhi

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s Ircon Infrastructure and Services Ltd.** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 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.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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. 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the **state of affairs** of the Company as at 31st March 2016, and its **profit** and its **cash flows** for the year ended on that date.

Emphasis of Matters

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

a. Note No. 29, to the financial statements which states that the persons working in the company are on deputation basis and are on the roll of its holding company & therefore provision for gratuity & other retirements benefits of employees on deputation in terms of AS-15 is being made by its holding company

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that: -

   a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account and proper returns adequate for the purposes of our audit have been received from the branches but branches not visited by us.;

d. In our opinion, the aforesaid 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 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - **Refer Note No. 23(b) to the financial statements**

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

For Kapoor Goyal & Co
Chartered Accountants
FRN: 001370N

(CA JC Kapoor)
Partner
Membership No: 012001

Place: New Delhi
Date: 24.08.2016

Annexure A to the auditors' report

The annexure referred to in Para 1 of **"Report on Other Legal and Regulatory Requirements"** of the Independent auditors' report of even date to the members of **Ircon Infrastructure and Services Ltd.**

("The Company") on the accounts of the company for the year ended March 31, 2016. We report that:

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

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

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

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

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

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

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

(vi) We have been informed by the management, no cost records have been prescribed under section 148(1) of the Companies Act'2013 in respect of Services rendered by the company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is regular in depositing undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except labour cess of Rs. 39,23,883/- in respect of those deducted from Contractor & VAT of Rs 2,27,996/- in respect of those deducted from Contractor, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable shall be stated here under:

Nature of Statute	Period to which amount relates	Nature of Dues	Amount
The Building and the Other Construction Workers Cess Act, 1996	2015-2016	Labour Cess*	39,23,883/- (Has since been deposit Rs. 28,49,093 as on date)*
Andhra Pradesh Vat Act	2015-2016	WCT	2,27,996/- (Has since been deposited as on date)

*included various states

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

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

(ix) The Company did not raise any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or Reported during the course of our audit.

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

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties comply with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures during the year, except allotment of Rights shares on 25.05.2016 to the holding company in accordance with the provisions of the Act.

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

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

For **Kapoor Goyal & Co**
Chartered Accountants
FRN: 001370N

(CA J C Kapoor)
Partner
Membership No: 012001

Place: New Delhi
Date: 24.08.2016

Annexure - B to the Independent Auditors' Report of even date on the Standalone Financial Statements of Ircon Infrastructure and Services Ltd

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

We have audited the internal financial controls over financial reporting of Ircon Infrastructure and Services Ltd ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial Statements of the Company for the year ended on that date. Management's Responsibility for Internal Financial Controls The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, The Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016,based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Kapoor Goyal & Co**
Chartered Accountants
FRN: 01370N

(CA JC Kapoor)
Partner
Membership No: 012001

Place: New Delhi
Date: 24.08.2016

Compliance Certificate

We have conducted the audit of accounts of M/s Ircon Infrastructure & Services Limited for the Year Ended 31st March 2016. In accordance with the Directions/Sub-directions issued by Comptroller & Auditor General of India under section 143(5) of the Companies Act' 2013 and certify the following

S. No.	CAG's Directions	Our Report	Action Taken thereon	Impact on accounts and financial Statements of the Company
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	Yes	No Action Required	Nil
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	N.A.	No Action Required	Nil
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	N.A.	No Action Required	Nil

For **Kapoor Goyal & Co**
Chartered Accountants
FRN: 001370N

(CA J C Kapoor)
Partner
Membership No.: 012001

Place: New Delhi
Date: 24.08.2016

C & AG Comments

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF IRCON INFRASTRUCTURE AND SERVICES LIMITED FOR THE YEAR ENDED 31ST MARCH 2016

The preparation of financial statements of **IRCON INFRASTRUCTURE AND SERVICES LIMITED,** New Delhi for the year ended 31 March 2016 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 Section139(5) of the Act is responsible for expressing opinion on these financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 24th August 2016.

I, on the behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of **Ircon Infrastructure & Services Limited** for the year ended 31stMarch 2016 under section 143(6) (a) of the Act.

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

(Meenakshi Mishra)
Director General of Audit
Railway Commercial, New Delhi

Place: New Delhi
Date: 15.09.2016



INFRA & SERVICES

IRCON INFRASTRUCTURE & SERVICE LIMITED

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