



# 2019 ANNUAL REPORT



NKG INFRASTRUCTURE LIMITED

**PRIMED TO GROW,  
TODAY AND TOMORROW.**

# Contents

## Strategy

At a Glance	2
Vision & Mission	3
Our Clientele	4
Awards & Recognition	5
Our Business Verticals	6
Our Prestigious Projects	7
Board of Directors	8
Key Management	9
Message from the MD	10
Financial Highlights	12
Corporate Information	13

## Reports

Management Discussion & Analysis	14
Corporate Governance Report	22
Directors' Report	24

## Financials

Balance Sheet	40
Statement of Profit and Loss	41
Cash Flow Statement	42
Statement of Changes In Equity	43
Corporate Information and Significant Accounting Policies	44



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A scenic view of a winding road with a rainbow in the sky. The road is paved and curves to the right, bordered by a yellow and black striped safety barrier. Lush green trees line the right side of the road, and a small road sign is visible on the left. The sky is a mix of blue and orange, suggesting a sunrise or sunset.

## PRIMED TO GROW, TODAY AND TOMORROW.

Having started as a road construction company, we have transformed into multi-disciplinary infrastructure development company of a sizeable scale. Our efforts have made us a Grade A contractor, servicing a wide stream of projects.

Moreover, as a diversified infrastructure company, we are known for the on-time completion of projects. This is backed by our experienced managerial and leadership capabilities, along with strong internal accruals and availability of funds. Our growth over the years is a direct result of our consistent endeavour to diversify into various segments and flourish across all our business functions.

We continue to focus on widening our business spectrum – from our business vision, service domain, geographic footprints, and revenue streams; to our execution capabilities. Over the coming years, our aim is to implement the timely completion of all our projects, while also diversifying and capitalising on various opportunities coming our way.

**Primed for growth, today and tomorrow,  
we are leveraging our business strengths,  
presence, and diversity to enhance  
our strategic use of resources, creating  
sustainable value for all our stakeholders.**

## NKG Infrastructure At a Glance

### Who we are

With more than 30 years of experience in the industry, we are one of the fastest growing infrastructure companies in India. Headquartered at New Delhi, we have presence in 15 states with more than 1,100 employees and 300 professionals working with us. Our technical expertise and execution capabilities have been well-recognised by several government bodies, global institutions and leading infrastructure development authorities in India.

### What we do

As a diversified infrastructure development Company with gross turnover of ₹ 1,23,033.24 lakhs in FY2019, our technical expertise and execution capabilities are well recognised. Along with developing contemporary world-class infrastructure in metropolitan and Tier I cities, one of our major competitive distinctions is our ability and track record in developing socio-economic infrastructure for rural and semi-urban geographies. Our forte lies in the construction of roads,

bridges, power sub-stations, community electrification network, institutional as well as residential buildings, potable water distribution systems, and waste water/ affluent treatment plants, medical colleges, hospitals and airports, amongst others. Established on the cornerstone of ethics, we put credibility ahead of other business considerations, and our culture is deeply grounded in maintaining high quality and safety standards for its workforce.

### Our Presence

Employees

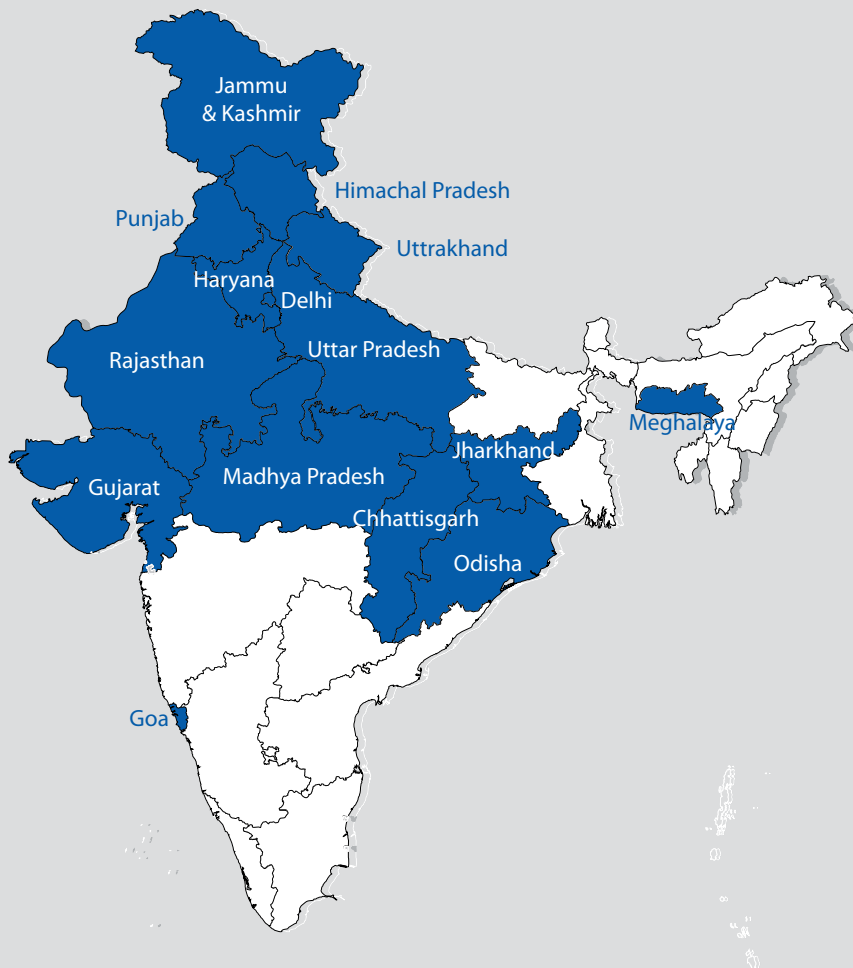
**+1,100**

Professionals

**+300**

Annual Turnover

**> ₹1,200 crore**



# Vision, Mission & Values

Our Company's business philosophy is marked by teamwork, making it possible to address project and business challenges effectively and in a timely manner.



## Vision

Our Vision is to be recognised as a world-class infrastructure company known for its execution capabilities and commitment to customer satisfaction.



## Values

- Attaining global benchmarks of quality and timely delivery
- Nurture talent and create a culture of excellence and entrepreneurship
- Ensuring sustainable growth with societal consciousness



## Mission

- To execute projects with consistent quality assurance, cost control and adherence to milestones in a safe environment as per customer requirements
- To become a leading player in infrastructure sector across all verticals, ranging from general civil engineering, road projects, bridges, construction of buildings, erection of power sub-stations, providing water treatment plants etc.
- To strengthen our PAN India presence with the mission of timely delivery of all projects we undertake in different segments.
- Searching fresh opportunities in relatively new areas of priority for the government, including ports and airports construction and their modernisation and building up oil and gas pipelines.
- Thriving on fresh opportunities opening up in infrastructure sector to move towards well-planned facilities across India.



Our culture is deeply grounded in maintaining high quality and safety standards for our workforce.



## Our Clientele

We have had the pleasure of helping clients of all sizes and needs to achieve their business goals. Whether delivering the successful implementation of projects or other professional services, we appreciate every opportunity to serve our valued customers.



We are planning to stretch our ambit further by executing many more projects in the coming years by diversifying into new geographies, clients and infrastructure sectors.

# Awards & Recognition



We continue to strive for service excellence and have regularly received awards and accolades that stand testimony to our success in this endeavour.



## Customer Accreditation

NKG Infrastructure was presented as the Most Valued Customer by ICICI Bank.

## Accreditation of ISO 9001:2015



## Accreditation of ISO 14001:2015



## Accreditation of OHSAS 18001:2007



## CIDC Vishwakarma Award

We received the third CIDC Vishwakarma Award in 2011 for the 'Best Professionally Managed Company', having turnover exceeding ₹ 1,000 Crores. It was awarded by the Construction Industry Development Council, which is the apex body established by the Planning Commission of India and the Construction Industry.



## Udyog Rattan Award

Former Chairman of the Company, Shri N. K. Garg received the 'UDYOG RATTAN' award by 'Institute of Economic Studies' in September, 2007.



## A Grade Contractor

The Company is registered as a 'Grade A' Contractor with various State Governments & Departments.

## Our Business Verticals

Even though we began our journey with the road construction business, we have strategically diversified our product mix to include of projects beyond roads and bridges; and have also added verticals like buildings, power, water works and sustainable energy.

### Segmental Revenue across Business Verticals as of FY2019



**BUILDINGS**  
**69.94%**



**BRIDGES**  
**5.16%**



**ROADS**  
**14.74%**



**POWER**  
**1.43%**



**WATER WORKS**  
**6.61%**



**SUSTAINABLE ENERGY**  
**1.94%**

NKG is working consistently towards creating a sustainable and de-risked business model having multiple revenue generation streams and growth avenues.



## Our Prestigious Projects

We have completed over 500 infrastructure projects across 15 states in India catering to many sectors. Our technical expertise and execution capabilities have been well-recognised by several government bodies, global institutions and leading infrastructure development authorities in India.

Some of the major projects completed by the Company during the last few years are listed below:

Verticals	Project Details	Project Cost	Completed on
<b>BUILDINGS</b>	Re-development of Kidwai Nagar More than 3 million sq. ft. of office blocks development at East Kidwai Nagar, New Delhi	₹ 633.83 crore	30/09/2018
	ESIC Hospital & College campus, Faridabad	₹ 566.67 crore	30/11/2016
	New innovation Centre for education campus, IIT Delhi, Haryana	₹ 154.68 crore	30/11/2017
<b>ROADS</b>	4 lane bypass road, 11.2 km in length, Gautam Budh Nagar	₹ 131 crore	7/7/2015
<b>BRIDGES</b>	Unique 6 lane bridge across Yamuna river, Kalindi Kunj	₹ 109 crore	25/01/2019
	Underpass at Sector 25, Noida	₹ 53.89 crore	31/10/2018
	Underpass at Sector 60, Noida	₹ 61.78 crore	31/01/2018
<b>ELECTRICAL</b>	400 kV sub-station, Oral, Lucknow, U.P.	₹ 98 crore	Ongoing
	220 kV Underground cabling work, Kanpur	₹ 66 crore	Ongoing
	SITC 33/11 kV & LT Underground Power distribution, Raipur (Naya Raipur Development Authority)	₹ 103 crore	Ongoing
<b>WATER</b>	Augmentation of Water supply under JNNURM scheme, Faridabad, Haryana (NBCC)	₹ 211 crore	31/12/2017
	56 MLD STP, Noornagar, Ghaziabad	₹ 66 crore	31/12/2018
	56 MLD STP, Dundhera, Ghaziabad (with 5 year O&M)	₹ 70.41 crore	25/11/2017

The diversification has helped the Company to shield itself from the impact of the changing market dynamics.

## Board of Directors

The Company is managed by professionally qualified directors, who directs the Company for achieving various objectives keeping in view the mission of the Company.



### **Mr. Pradeep Kumar Garg**

Managing Director

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Law graduate and Chartered Accountant, with over 30 years of rich experience, and under his guidance the Company has grown exponentially in the past 10 years and has diversified into new verticals. He is well versed in strategic planning, accounts and financials of the Company, besides leading the team of highly educated and experienced professionals & engineers.



### **Mrs. Meenu Garg**

Whole Time Director

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She is a Law graduate, and is successfully leading team of professionals along with looking after the HR & Legal Department of the Company. She also closely monitors some of the prestigious projects and is actively involved in the business of the Company for more than 12 years. She is on the Board of the Company since August 2015.



### **Mr. Ashutosh Gupta**

Whole Time Director

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He is actively managing the construction site execution. Moreover, he brings in the experience and expertise of more than 25 years in managing the water line projects.

## Key Management

The management team at NKG Infrastructure is its governing body, which provides entrepreneurial leadership within a framework of prudent and effective controls, enabling risk to be prudently assessed and managed. The team ensures smooth operations across the Company's business verticals, along with the sound implementation and coordination of its strategic plans.



### Mr. Arun Agarwal

President- Procurement

Law Graduate and MBA (Finance). Experience of more than 25 years in business. Looking after the valued procurements and operations of the company.



### Mr. Ankit Goyal

President- Projects

Management Graduate from Indian Institute of Management, Kolkata (IIM-K) and Electrical & Electronics Engineer from NTU, Singapore. In the past, has worked with Mc Kinsey. Currently focusing on site execution & engineering department of the company.



### Mr. Archit Garg

President- Business Development

An alumnus of University of California, Los Angeles and management graduate of IE Business school, Madrid. Looking after new business development & diversification opportunities.



### Mr. Sarthak Garg

President- Corporate Strategists

Dynamic personality with varying interest & experience in International Finance & Taxation. Currently pursuing his CA. He shall be looking at strategy formulation & Finance Management.



### Mr. FA Khan

Senior Executive

He comes with over 25 years of experience in Technical & Construction space. He is actively looking after the roads and highway projects.



## Message from the Managing Director



“ We have emerged as a trusted player in India’s infrastructure space, with a successful track record of having executed over 500 projects across 15 States in India. ”

Dear Shareholders,

FY2019 marked the completion of 30 glorious years in our journey of being recognised as a world-class infrastructure company, known for our execution capabilities and commitment to customer satisfaction. Our Company possesses deep domain expertise in executing projects such as buildings, roads, bridges, waterworks, power and sustainable energy.

We operate with a business philosophy that is marked by teamwork, making it possible to address project and business challenges effectively and on time. This work ethos has helped us emerge as a trusted player in India’s infrastructure space, with a successful track record of executing over 500 projects across 15 States.

### ECONOMIC OVERVIEW

India has emerged as the fastest-growing major economy in the world and is expected to emerge as one of the top three

economic powers over the next 10 to 15 years, backed by its healthy democracy and partnerships. India’s GDP is estimated to have increased by 7% in FY2019. While this is an admirable achievement in the global context, it falls marginally short of expectations due to an interplay of macro-economic and political factors.

While investment into the infrastructure space from the private sector has been relatively tentative in FY2019, the public sector has been far more forthcoming with vigorous investments into key areas. These include water, metro rail networks, railways, roads and road adjacencies (special bridges, expressways and city flyovers), power transmission & distribution and hydrocarbon. The reliable underlying macro drivers of investments in these sectors are expected to sustain into FY2020 and beyond. Encouragingly, the private sector also seems to have overcome its bashfulness and begun to show signs of revival in road concessions, airports,

healthcare, metals, mining and cement capacity augmentation..

### FINANCIAL OVERVIEW

We are present in the Infrastructure sector, which is almost directly related to the country’s economic growth. Since the industry itself is going through a tough period, our growth has also been subsequently impacted. During FY2019, we recorded 4.73% drop in our income from operations, from ₹ 1,29,140.92 lakhs in FY2018, to ₹ 1,23,033.24 lakhs in FY2019. Our profitability too has been partly under pressure despite which our Company managed to close FY2019 with EBITDA of ₹ 3,916.97 lakhs, representing an impressive growth of 17.29% over FY2018. The Company’s profitability at net profit level took a hit due to much higher interest outflow in FY2019. However, we are confident that, with our operational and financial strategies in play, we are capable of a smoother performance in the medium to long-term.

## RESTORING GROWTH MOMENTUM

Our strong business fundamentals have helped us combat macro-economic challenges. Moreover, to de-risk our business, we have diversified our project portfolio, geographic presence and revenue streams. Our focus is now moving towards building a judicious mix of long gestation projects like roads and bridges; fast delivery projects like building contracts; one-time revenue projects like construction contracts; and annuity revenue projects like “build and operate” contracts. This approach has already started showing visible impact, with 91.32% of order book contribution resulting from the building and construction sectors.

Going forward, we aim to fast-track the completion of our on-going projects to monetise them promptly and to begin working on a new set of orders. We are also investing in new technologies to heighten our efficiency and scale of operations. Furthermore, our comfortable debt profile, which provides for lower finance cost, enables healthy cash flows and headroom to raise funds with relative ease, whenever required. These efforts position us advantageously amongst our peers and will play a role in the medium to long-term performance of the Company.

## OUR WAY FORWARD

The Indian Government has steered in various novel policy initiatives that are bound to have a long-term positive effect on the Indian economy. These

policies include Make-in-India, Swachh Bharath Abhiyaan, 100 Smart Cities, Jan-Dhan Yojana, Digital India, and the Housing for all by 2022 movement. These initiatives shall lead to creating a socially and economically empowered nation promoting inclusive growth.

The skills, talent and attitude of our employees are becoming key factors affecting the growth of the Company. Our short-term strategy is to focus on our internal strengths. As far as long term strategy is concerned, we are trying to complete all projects within the allotted time frame with no cost burden. We are also focusing on providing best services without compromising on construction quality. Moreover, we are strengthening our sourcing capabilities by putting the best corporate governance practices and processes towards vendor identification, empanelment and management for all significant inputs.

## IN CLOSING

I would like to take this opportunity to thank all our stakeholders, including customers, suppliers, bankers, lenders, shareholders, and State & Central Governments and Departments for their continued support and patronage. I look forward to your trust for our journey ahead.

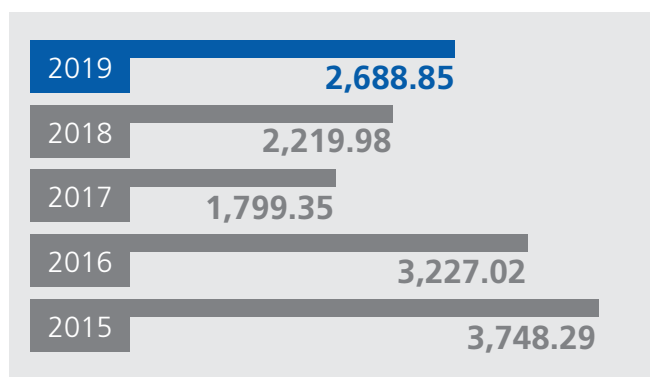
Sincerely yours,  
**Pradeep Kumar Garg**

“ Our focus is on building a judicious mix of long gestation and fast delivery projects along with one-time revenue and annuity revenue projects. ”

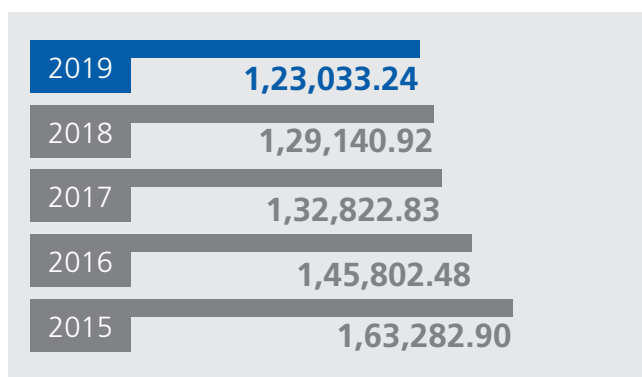
## Financial and Operational Highlights

By adding new technologies to increase our scale of operations, we have placed ourselves advantageously among our peers. By also having comfortable debt-profile, our finance costs are lower and cash flows are healthier. This gives us the headroom to raise funds with relative ease, whenever required.

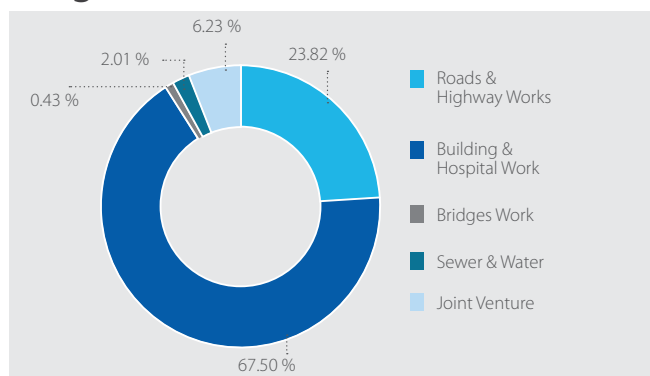
### Net Profit (₹ in lakhs)



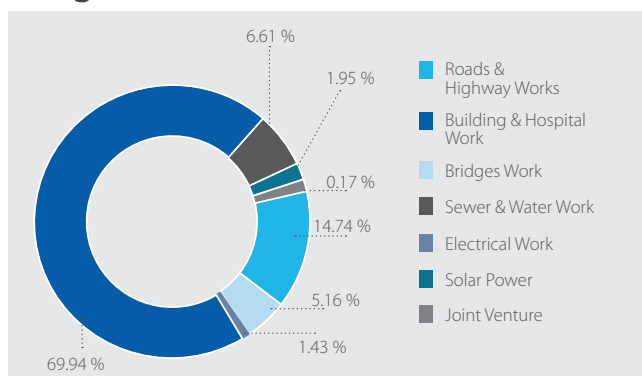
### Financial Turnover (₹ in lakhs)



### Segment Wise Orderbook (%)



### Segment Wise Revenue (%)





# Corporate Information

## Board of Directors

**Mr Pradeep Kumar Garg**  
Managing Director

**Ms Meenu Garg**  
Whole Time Director

**Mr Ashutosh Gupta**  
Whole Time Director

**Saravjeet Singh Chawla**  
Additional Independent Director

## Chief Financial Officer

**Jitendra Kumar Saini**

## Company Secretary

**Rakhi Singh**

## Registered Office

204, Kailash Building;  
26, K.G. Marg, New Delhi-110001

## Statutory Auditor

KARMV AND COMPANY  
Plot No.1A, 3<sup>rd</sup> Floor,  
Deewan Estate, Bhagwati Garden,  
Dwarka More  
New Delhi-110059

## Cost Auditor

MM & Associates  
10 D, Sector-7  
Pocket-1, Dwarka,  
New Delhi- 110075

## Secretarial Auditor

PRAMOD KOTHARI & CO.  
G- 28C, Block- G,  
Kanchanjunga Apartment  
Sector - 53, Noida (UP)

## Registrar and Transfer Agent

Karvy Computershare Private Limited  
46, Avenue, 4<sup>th</sup> Street, No.1,  
Banjara Hills, Hyderabad.  
Telangana 500034

## Main Bankers

### State Bank of India

I.F.B. Branch  
14<sup>th</sup> floor, Jawahar Vyapar Bhawan,  
1, Tolstoy Marg, New Delhi-110001

### ICICI Bank Ltd.

ICICI Bank Tower,  
NBCC Place, Bhisham Pitamah Marg,  
Pragati Vihar, New Delhi – 110003

### Central Bank of India

Corporate Finance Branch  
Jeewan Tara Building, 5, Parliament Street,  
New Delhi -110001

### Axis Bank Ltd.

2<sup>nd</sup> Floor, Red Fort Capital,  
Parsvnath Tower, Bhai Veer,  
Singh Marg, Near Gole Market, New Delhi-110001

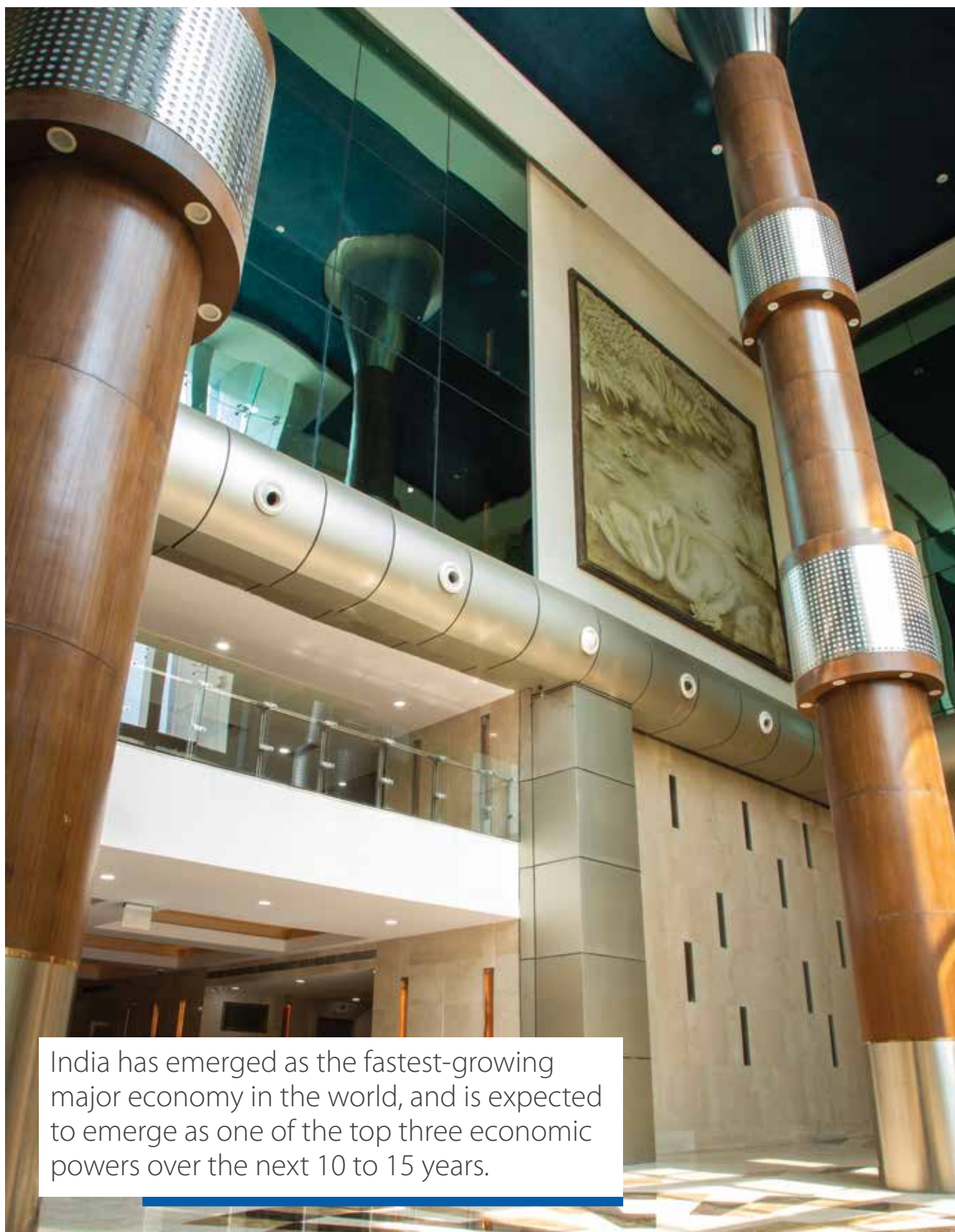
### Corporation Bank

Overseas Branch  
M-93, Connaught Circus,  
New Delhi-110001



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## Management Discussion and Analysis



India has emerged as the fastest-growing major economy in the world, and is expected to emerge as one of the top three economic powers over the next 10 to 15 years.

The global economy witnessed strong growth in 2017, and the momentum continued in 2018 with a growth rate of 3.6%.

## Economic Overview

The global economy witnessed strong growth in 2017, and the momentum continued in 2018 with a growth rate of 3.6%. However, global economic growth is expected to ease moderately to 3.2% in 2019, before edging up to 3.4% in 2020, as per OECD<sup>1</sup>. Persistent moderation in China, owing to financial tightening amidst rising shadow banking and local government debt, and trade conflicts with the US had a dampening effect on the overall emerging markets' and developing economies' performance.

The US economy grew by 2.9% in 2018, led by tax cuts and acceleration in government spending. Active labour market led consumption growth underpinned the UK economy, which is struggling due to Brexit uncertainty and global slowdown. China witnessed its slowest growth in the last 28 years at 6.6% in 2018, as the tightened monetary policy and a tariff war with the US slowed down its growth trajectory. Emerging markets were tested by complicated external macroeconomic factors such as geopolitical tensions, tariff wars, rising interest rates, volatile crude oil,

capital migration towards the US from emerging markets, rising dollar rates among others.

## Indian Economic Overview

India's GDP for FY2019 stood at 7%. The Index of Industrial Production (IIP) grew by 3.6% in FY2019 and was majorly driven by growth in the sectors of Infrastructure/Construction goods, which grew by 7.5%. Furthermore, inflation has remained in control. The Wholesale Price Index (WPI) and Consumer Price Index (CPI) based inflation was at 3.18% and 3.41% respectively in FY2019. Additionally, the Reserve Bank of India (RBI) announced multiple rate cuts to ease the liquidity tightening. Consequently, the Repo rate now stands at 6%.

The Indian economy grew steadily amidst significant reforms announced in FY2019. The Re-capitalisation of Public Sector Banks (PSB); amendments to the Goods and Service Tax (GST); clean-up of Non-Performing Loans (NPA) through National Company Law Tribunal (NCLT); and the Insolvency and Bankruptcy Code (IBC) played a pivotal role in strengthening the

economy. Amidst the economic reforms, there was also a robust development in infrastructure and an increased thrust on financial inclusion.

With its growth accelerating, India has retained its position as the third-largest start-up base in the world with over 4,750 technology start-ups. Its labour force is anticipated to touch 160-170 million by 2020, helped by the rate of population growth, increased labour force participation, and higher education enrolment, among other factors. (ASSOCHAM and Thought Arbitrage Research Institute).

India's foreign exchange reserves were US\$ 405.64 billion as of March 2019, according to data from the RBI. The Parliament's interim Union Budget for 2020 (announced during February 2019) focused on supporting farmers, the economically less privileged, workers in unorganised sectors, and salaried employees; while continuing to support the Indian Government's initiatives to better the Country's physical and social infrastructure.<sup>2</sup>

The Union Budget, announced on 5<sup>th</sup> July 2019, focuses on reducing red tape; making the best use of technology; building social infrastructure; encouraging a digital and pollution-free India; the make in India initiative; job creation in Micro, Small and Medium Enterprises (MSMEs); and investing heavily into the country's infrastructure.<sup>3</sup>

## Indian Infrastructure Sector

Infrastructure sector is a crucial driver for the Indian economy. The industry is highly responsible for propelling India's overall development and is a major focus point of the Government for initiating policies that would ensure time-bound creation of world-class infrastructure. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. In the year 2018, India ranked 44<sup>th</sup> out of 167 countries in the World Bank's Logistics Performance Index (LPI) 2018.



1. OECD iLibrary - Editorial: A fragile global economy needs urgent cooperative action - 21st May 2019  
 2. IBEF - Indian Economy Overview  
 3. IBEF - Union Budget 2019-20



## Management Discussion and Analysis continued



The Indian infrastructure industry is a major focus point of the Government for initiating policies that will ensure the time-bound creation of world-class infrastructure.

India has a requirement of investment worth ₹ 50 trillion (US\$ 777.73 billion) in infrastructure by 2022 to have sustainable development in the country. The economy is witnessing significant interest from international investors in the infrastructure space.<sup>4</sup>

### Critical Issues in the Infrastructure Industry

#### Planning Oriented Issues

1. Inability to get land acquisition and environmental clearances
2. Lack of coordination between government agencies
3. Inappropriate structuring of projects with no demarcation of risks between Government and private sector
4. Absence of proper dispute resolution mechanism between individual players and Government agencies
5. Developing a technically sound and well-equipped regulator

#### Finance-related Issues

1. Time and cost over-runs
2. The burden on developers, due to execution delay

3. A cautious approach by banks in lending to infrastructure
4. Difficulties in fund raising with restricted exposure of banks to the infrastructure sector
5. NPA issues with banks' dues, delayed implementation and non-settlement of legitimate dues in time.
6. Developing finance mechanisms to suit the sector's needs

#### Other Issues

1. Need for improved transparency
2. Reduction in regulatory uncertainties and delays
3. Creating a tool for single-window clearance for approvals
4. Strict ensuring of enforcement of contracts in a time-bound manner
5. Need to re-look risk profiles of projects and a better share of private players
6. Providing sufficient safeguards for private players from extraneous circumstances
7. The debt burden of infrastructure developers, as a consequence of execution delays and irrational bidding



### Sector Overview

#### Construction

The Construction industry in value terms is expected to record a CAGR of 15.7% to reach US\$ 738.5 billion by 2022. The sector contributes 55% share in the Steel industry, 15% in the Paint industry and 30% in the Glass industry. The Construction industry in India is expected to grow at 5.6% during 2016-20, compared to 2.9% during 2011-15. The activities that registered the highest growth include export cargo (10%), highway construction/widening (9.8%), power generation (6.6%), import cargo (5.8%) and cargo at important ports (5.3%). India will be required to spend \$ 454.8 bn on infrastructure development over a period of five years (2015-20), with 70% of funds needed for power, roads and urban

4. IBEF - Industry - Infrastructure sector of India



infrastructure segments. Expected cement capacity addition of 80-100 MT per annum over the next five years.<sup>5</sup>

### Roads & Bridges

In this sector, the government's policy to increase private sector participation has proved to be a positive step for the infrastructure industry, with a large number of individual players entering into the market through the Public-Private Partnership (PPP) model. Along with planning to expand the national highway network to over 200,000 km, the Indian Government has launched the Bharatmala Pariyojana, which aims to build 66,100 km of economic corridors, border and coastal roads, and express-ways. It is envisaged that the programme will provide 4-lane connectivity to 550 districts, increase the vehicular speed by 20-25%, and reduce supply chain costs by 5-6%. The first phase of the programme will bring in US\$ 82 billion investments into the sector by 2022, for the development of 34,800 km of highways.<sup>6</sup>

### Water Works

Today, India can store around 200 billion cubic meters of water, a gross irrigated area of about 90 million hectares, and an installed hydro-power capacity of about 30,000 megawatts. These investments in water infrastructure transformed the economic and social development of India. Hydro power from many of the large dams also provided the underpinnings for Indian industrial growth and groundwater irrigation.

Moreover, hydro-power projects are crucial to stabilising India's power grid, as the country looks to add 175 GW of renewable capacity. However, given the issues regarding the resettlement of the affected population and infrastructure development, many projects have faced delays, leading to a decreasing share of hydro power in the country's energy mix. At present, India has an installed power generation capacity of 357,875 MW.



However, the water sector is facing a significant financing gap. The annual requirements for rehabilitating existing infrastructure alone is estimated to be around ₹ 200 billion while the India Water Vision expects new investments – with very modest allowances for sewage treatment – to cost about ₹ 180 billion a year. Annual allocations in the recent past have varied between ₹ 90 and ₹ 170 billion a year. These needs are amplified by the fact that large proportions of recurrent budgets are spent on personnel, and not on real maintenance, electricity, irrigation or water supply subsidies. The resulting financial gap can only be met by a combination of methods, which include higher allocations of budgetary resources, more efficient use of those resources, and more significant contributions from water users.<sup>7</sup>

### Power

Power is one of the most critical components of infrastructure crucial for the economic growth and welfare of nations. The existence and development of adequate infrastructure is essential to the sustained growth of the Indian economy. The Indian power sector is undergoing a significant change that has redefined the industry outlook. Steady economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and workforce). The total installed capacity of power stations in India stood at 356.82 Gigawatt (GW) as of May 2019.

Between April 2000 and March 2019, the industry attracted US\$ 14.32 billion in Foreign Direct Investment (FDI), accounting for 3.41 per cent of total FDI inflows in India.

The Government of India has released its roadmap to achieve 175 GW capacity in renewable energy by 2022, which includes 100 GW of solar power and 60 GW of wind power. The Union Government of

India is preparing a 'rent a roof' policy for supporting its target of generating 40 gigawatts (GW) of electricity through solar rooftop projects by 2022.<sup>8</sup>

### Sustainable Energy

The Indian renewable energy sector is the fourth most attractive renewable energy market in the world. As of October 2018, India ranked 5<sup>th</sup> in installed renewable energy capacity<sup>9</sup>. According to 2018 Climatescope report, India ranked second among the emerging economies to lead the transition towards clean energy.

Installed renewable power generation capacity has increased at a fast pace over the past few years, posting a CAGR of 19.78 per cent between FY14–18. The focus of the Government of India has shifted to clean energy after it ratified the Paris Agreement. With the increased support of government and improved economics, the sector has become attractive from an investors perspective. As India looks to meet its energy demand on its own, which is expected to reach 15,820 TWh by 2040, renewable energy is set to play an important role.<sup>10</sup>

### Company Overview

NKG Infrastructure Limited is one of the fastest-growing Infrastructure Construction company in India. With 30 years of experience in the Industry, NKG has completed over 500 infrastructure projects in India in 15 different states across many sectors right from roads, bridges, building construction, water and sewage treatment plants, water pipelines, rainwater harvesting, construction of electric transmission distribution stations/substations to the building and operating of solar power plants, and many more. Headquartered in New Delhi, we have a presence in 15 states with more than 1,100 employees and more than 300 professionals working with us. Our technical expertise and execution capabilities have been well-recognised by several government bodies, global

5. Invest India – Sector Snapshot – Construction

6. Highway to Growth – Invest India – sector/roads-highways

7. World Bank – Article – Shoring up water infrastructure

8. IBEF – Power Sector of India

9. According to Renewable Energy Country Attractiveness index 2018 by EY

10. IBEF – Indian Renewable Energy Industry Report – July 2019

## Management Discussion and Analysis continued

NKG is working consistently towards creating a sustainable and de-risked business model having multiple revenue generation streams and growth avenues.



institutions and leading infrastructure development authorities of India.

### Operational Projects

Being listed as 'A Grade' contractor with multiple Government Departments, State Governments and Civic Agencies as clients, the Company is enabled with high success rate of selection at pre-qualification stage of projects. NKG has expanded its presence over the past few years to some central parts of the country like Gujarat, Madhya Pradesh and Rajasthan. Besides its recent foray in renewable (solar) power plant construction & operation, the Company is also working on adding thermal power stations/sub stations construction to its portfolio.

NKG is working consistently towards creating a sustainable and de-risked business model having multiple revenue generation streams and growth avenues.

### Our Diversified Product Portfolio

Even though the Company started its journey with road construction business, it has thoughtfully diversified its product mix with inclusion of projects beyond roads and bridges; and has also added newer streams like buildings, electricity stations/sub-stations, renewable/non-renewable energy and water (distribution & treatment).

The diversification has helped the Company to shield itself from the impact of the changing market dynamics.



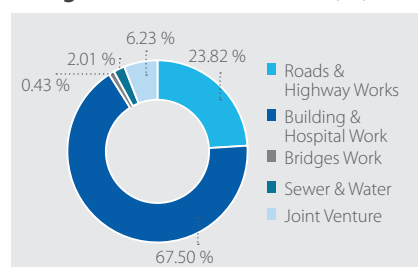
Construction contracts for buildings (hospitals, group housing societies etc.) is one such success story. Among others, the advantages of building projects include faster awarding, completion and billing. The buildings segment has fewer land, legal and procedural bottlenecks and delays. NKG is exploring to diversify its project portfolio further and is looking for new project streams such as ports.

### Our Diversified revenue streams

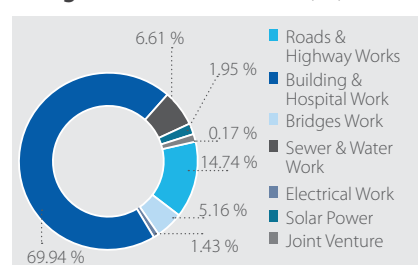
The Company has strategically diversified its revenue streams by adding continual revenue generation to the one time revenues it generated, till recently, through delivery of construction projects. NKG's foray into power generation started with its first solar power plant at Gujarat (owned, built and operated by NKG) and has since then proved to be a stepping stone of this strategy. With such build & operate projects, NKG is adding continuity to its revenue generation, thereby, maintaining a healthy cash flow position.

NKG is exploring to diversify its project portfolio further and is looking for new project streams.

### Segment Wise Orderbook (%)



### Segment Wise Revenue (%)



### Our Diversified Geographical Presence

For the past few year, NKG's operations were largely concentrated in North India, Uttar Pradesh & National Capital Region (NCR). In order to minimise the impact of any probable political, economic and demographic uncertainties at regional level, NKG has expanded its presence in Central and West India namely Rajasthan, Gujarat and Madhya Pradesh. With its operations being spread over a larger geography, NKG was able to reduce its revenue skew the impact of fewer locations.



## FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Current Year (2018-19)	Previous Year (2017-18)
Income from operations	123,033.24	129,140.92
Other income	376.09	535.82
Total Income	123,409.33	129,676.74
Total Expenditure	119,492.39	126,337.24
Profit Before tax	3,916.97	3,339.50
Less: Tax Expenses	1,228.12	1,119.52
Net Profit (PAT)	2,688.85	2,219.98
Earning per Share(₹)		
Basic	5.33	4.40
Diluted	4.74	3.91

FY2019 was a low growth year for Indian economy and translated its impact on core infrastructure as well. While revenues for the year witnessed decline, profitability was not affected due to contraction in expenses during the year.



### Net Sales

During the year, the Company has achieved a gross turnover of ₹ 1,23,033.24 lakhs as against ₹ 1,29,140.92 lakhs in the previous year, representing a drop of 4.73%.

Please note that the Q1 sales of FY2018 include VAT. However, in FY2019, the sales were mostly affected by the introduction of an indirect tax reform - GST. Under the new GST regime, the Company cannot opt for Composition Scheme and therefore only Net Sales are reflected in the financial statements.

### Operating Margins (EBIDTA)

The Company recorded EBIDTA of ₹ 3,916.97 lakhs as compared to ₹ 3,339.50 lakhs last year, making an improvement of 17.28% over previous year due to better control on cost and operating expenses.

### Net Profit

The net profit stood at ₹ 2,688.85 lakhs as compared to ₹ 2,219.98 lakhs in the previous year, recording a growth of 21.12%. This is attributed mainly to reduction of interest and bank charges.

### Outlook

Our company is built on strong business fundamentals to sustain the changing market dynamics of macroeconomy. Over the years, we have significantly diversified to de-risk our business portfolio.

Being a priority sector, the Government of India is opening doors to many opportunities in infrastructure sector. To this end, the Government have allotted more than ₹ 100 lakh crore budget over the next five year to strengthen the infrastructure of India. Moreover, SMART city is one of the new concepts of the Indian government that is providing more infrastructure projects.

Government policies are key factor in timely completion of the projects, and we are expanding on our capabilities to complete projects as per the government norms and on time.

## Management Discussion and Analysis continued



Our company is built on strong business fundamentals to sustain the changing market dynamics of the macroeconomy.

With opportunities on track, we are going to put our new and ongoing projects to fast track completion more, so as to monetise them soon and bag new projects going forward.

Our employee's skill, talent and attitude are becoming key factors affecting the growth of the Company. Our short-term strategy is to focus towards our internal strengths. As far as long term strategy is concerned, we are trying to complete all projects within the allotted time frame with no cost burden. We are also focusing on is to provide best services without compromising construction quality while completing the target.

We are strengthening our sourcing capabilities by putting best corporate government practice and process towards vendor identification, empanelment and management towards all major inputs.

### Risk Management

The Board has formally adopted steps for framing, implementing and monitoring the Risk Management Policy for the Company. The main objective of this policy

is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The policy establishes a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, to guide decisions on risk-related issues. The specific objectives of the Risk Management Policy are:

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated and managed.
2. To establish a framework for the company's risk management process and to ensure company wide implementation.
3. To ensure systematic and uniform assessment of risks related to construction projects and operational power stations.
4. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
5. To assure business growth with financial stability.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks, among other things, are Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities.

### Risk Mitigation

The Company has a well-defined risk management framework in place that closely ascertains the risks, risk impacts and effective risk mitigation. Some of the key risks, and their mitigation are given below:

### Interest Rates

Fluctuating interest rates, upward moving in particular, creates the risk of increase in cost of capital, which in turn affects the Company's profitability. However, since the Company's balance sheet is not highly leveraged against debts and largely depends on internal accruals for financing fresh projects, the Company is able to serve its debts comfortably and keeps headroom for raising money from external sources as well.

### Regulatory changes

The functioning of infrastructure projects is highly governed by government policies and regulations, where in NKG's maximum exposure is in government projects. The rules and policies governing these projects are subject to changes introduced by the government and respective authorities. Any adverse change may impact the awarding, execution and time frame of construction project(s). These changes may lead to long gestation period and higher cost of construction and lower realisation. To minimise the impact of such risk(s), the Company has been diversifying its project portfolio to include diverse customer base, diverse projects and diverse timelines, respectively.

### Internal Control Systems

The Company has an adequate system of internal control to safeguard and protect from loss, unauthorised use or disposition of its assets. All the transactions are duly authorised, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of the Company checks and verifies the internal control and monitors them under the policy adopted by the Company.

### Human Resources

The Company believes that a highly motivated, trained, skilled and growing human capital will be a significant enabler in achieving and maintaining the Company's growth. The Company takes due care of its employees and staff member's growth, grooming, job-satisfaction and cordial relations to extract the desired results. The Company also follows a fair and transparent performance appraisal and management system to reward the high performing employees and motivate others to record better performance. The Company also has the practice of having contractual workers at specific sites of its operations to have relatively low overhead costs when order flow is slow.



### Safety Measures

The Company's strong foundation of policies and processes ensures a safe working environment for its employees. Assurance and management of safety is essentially aimed towards protecting our staff and general public. Rigorous practical training on safety and extensive safety measures like job safety assessment and safe construction techniques at project sites have been undertaken by the Company for its employees. The Company has established also harmonious industrial relations, proactive and inclusive practices with all employee bodies.

### Cautionary Statement

This document contains statements about expected future events, financial and operating results of NKG Infrastructure, which are forward-looking. By their nature,

forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of NKG Infrastructure Annual Report, FY2019.



# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

### Introduction

The broad framework of Corporate Governance is quintessentially the idea to map the process of decision making for a Company. It not only reduces arbitrary decision making but also inculcates the sense of responsibility and conduct amongst the top management. The underline of the framework is to align the Company's processes in best interest of all its stakeholders such as Shareholders, Employees, Creditors, and Customers etc. The framework not only guides the Company in the right direction but also brings in discipline in its top level management decisions.

The Company aims at implementing strict norms and efficient processes, which are crucial in delivering sustainable growth in the interests of all stakeholders. Over and above its compliance with various regulatory provisions, the Company applies internal governance instruments, such as Code of Conduct which all employees must align to. Also the Company has adopted Business Excellence Model and Code of Corporate Disclosure Policies to deliver the highest governing standards for the benefit of its stakeholders.

## 2. BOARD OF DIRECTORS

The Company's policy is to maintain optimum combination of Executive Directors, Non-Executive Directors and Independent Directors. The Board of Directors of the Company consist 3 Executive Director and 1 Non- Executive Director. The Board is primarily responsible for the overall management of the Company's business. The Directors on the Board are from varied fields with wide range of skills and experience. The non-executive directors including Independent Directors bring statutory and wider perspective in the Board's deliberations and decisions.

The composition of the Board as on 31<sup>st</sup> March, 2019 is as under:

DIN	Name of Director	Category
00030683	Mr. Pradeep Kumar Garg	Executive Director
06815846	Mr. Ashutosh Gupta	Executive Director
00044439	Ms. Meenu Garg	Executive Director
08266652	Mr. Saravjeet Singh Chawla	Non-Executive Director

All the Directors have made the requisite disclosures regarding directorship/Committee positions held by them in other companies.

### Board Procedure

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

## 3. AUDIT COMMITTEE

The Audit Committee assists the Board in its responsibility of overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the statutory auditors including the Cost auditors, the performance of internal auditors and the Company's risk management policies. The terms of reference of Audit Committee cover the areas mentioned under in Section 177 of the Companies Act, 2013.

The composition of the Audit Committee as on 31<sup>st</sup> March, 2019 is as under:

DIN	Name	Designation	Category
08266652	Mr. Saravjeet Singh Chawla	Chairman	Independent Director
00030683	Mr. Pradeep Kumar Garg	Member	Executive Director
06815846	Mr. Ashutosh Gupta	Member	Executive Director

#### 4. NOMINATION & REMUNERATION COMMITTEE

The Nomination and Remuneration Committee assist the Board in overseeing the method, criteria and quantum of compensation for directors and senior management based on their performance and defined assessment criteria. The Committee formulates the criteria for evaluation of the performance of Independent Directors & the Board of Directors; identifying the persons who are qualified to become directors, and who may be appointed in senior management and recommend to the Board their appointment and removal. The terms of the reference of Nomination and Remuneration Committee covers the areas mentioned under section 178 of the Companies Act, 2013.

Composition of the Committee is as under as on 31<sup>st</sup> March, 2019:

DIN	Name of Director	Category	Designation
08266652	Mr. Saravjeet Singh Chawla	Independent Director	Chairman
00044439	Ms. Meenu Garg	Executive Director	Member
00030683	Mr. Pradeep Kumar Garg	Executive Director	Member

#### 5. HUMAN RESOURCES

Selection of key personnel, major equipments and systematic approach besides quality consciousness and team work are the watch words to growth of the company. The company has succeeded in establishing an efficient corporate organization hierarchy.

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

**Pradeep Kumar Garg**  
Managing Director  
(DIN-00030683)

**Meenu Garg**  
Whole Time Director  
(DIN -00044439)

Date: 24/06/2019  
Place: New Delhi

Strategy

Reports

Financials

# Directors' Report

The Members,  
M/s NKG Infrastructure Limited  
New Delhi

Your directors have pleasure in presenting the 30<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2019.

## FINANCIAL RESULTS

(₹ in Lacs)		
Particulars	Current Year (2018-19)	Previous Year (2017-18)
Income from operations	123,033.24	129,140.92
Other income	376.09	535.82
Total Income	123,409.33	129,676.74
Total Expenditure	119,492.39	126,337.24
Profit Before tax	3,916.97	3,339.50
Less: Tax Expenses	1,228.12	1,119.52
Net Profit (PAT)	2,688.85	2,219.98
Earning per Share(₹)		
Basic	5.33	4.40
Diluted	4.74	3.91

## STATE OF COMPANYS' AFFAIRS AND FUTURE OUTLOOK

During the year under review your Company has achieved gross turnover of ₹ 123,033.24 Lacs as against ₹ 129,140.92 Lacs in the previous year. Your Company's net profit stood at ₹ 2,688.85 Lacs as compared to ₹ 2,219.98 Lacs in the previous year.

Your Company, in the special thrust to acquire the latest technology, invested heavily in the most advanced machinery and construction equipments in order to increase its technological strength and competitiveness.

## TRANSFER TO RESERVES:

Your Directors has transferred profit ₹ 2,688.85 to General Reserves for the financial Year ended 31.03.2019

## DIVIDEND

Keeping in view the need to conserve the resources of the Company, the Board has decided not to recommend any dividend for the year ending 31<sup>st</sup> March 2019.

## DEPOSITS COVERED UNDER CHAPTER V OF THE ACT:

The Company has neither accepted nor renewed any deposits during the year under review.

S. No.	Particulars	Amount (in ₹)
1.	Accepted during the year.	NIL
2.	Remained unpaid or unclaimed as at the end of the year.	NIL
3.	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved: i. at the beginning of the year ii. Maximum during the year iii. at the end of the year	NA
4.	Details of deposits which are not in compliance with the requirements of Chapter V of the Act.	NA



## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

## MATERIAL CHANGES BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## STATUTORY AUDITORS

M/s KARMV & Company, Chartered Accountants, New Delhi (Firm Reg. No.-023022N), Statutory Auditors of the Company hold office upto the conclusion of 31<sup>st</sup> Annual General Meeting, who were appointed in 26<sup>th</sup> AGM to hold Office upto 31<sup>st</sup> AGM. Your Company seeks ratification of the appointment of statutory Auditors at the ensuring Annual General Meeting.

## AUDITOR'S REPORT:

The notes to the Accounts referred to the Auditors' Report are self explanatory, and therefore do not call for any further comments.

## AUDITORS OBSERVATION:

The Auditors observations are suitably explained in the notes to the accounts.

## FINANCIAL STATEMENTS AS PER IND AS:

The Company is preparing its financial statement accordance with Ind AS, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

## SECRETARIAL AUDITOR

The Board has appointed Mr. Pramod Kothari, (FCS No. 7091), Company Secretary in practice to conduct Secretarial Audit for the financial year 2018-19.

## COST AUDITORS

The Board of Directors has on the recommendation of Audit Committee, approved the appointment of M/s. MM & Associates (Firm Registration No.-454), Cost Accountants, as the Cost Auditors of the company for the year 2019-2020 at a remuneration of ₹ 65,000/- plus out of pocket expenses. The proposed remuneration of the Cost Auditors would be approved by the members in the ensuing AGM.

## AUDIT COMMITTEE, ITS COMPOSITION & VIGIL MECHANISM:

Four meeting of Audit Committee were held during the financial year and all the meetings were attended by the following member of Audit Committee. As per Section 177(2), the composition of Audit Committee as on 31<sup>st</sup> March, 2019 is as follows:

Name	Designation	Category
Mr. Saravjeet Singh Chawla	Chairman	Independent Director
Mr. Pradeep Kumar Garg	Member	Executive Director
Mr. Ashutosh Gupta	Member	Executive Director

Ms. Rakhi Singh, Company Secretary of the Company is Member Secretary of the Company.

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

## NOMINATION AND REMUNERATION COMMITTEE:

One meeting of the Nomination and Remuneration Committee was held during the financial year the composition of the Nomination and Remuneration Committee as on 31<sup>st</sup> March, 2019 are as follows:

S. No.	Name of Director	Category	Designation
1	Mr. Saravjeet Singh Chawla	Independent Director	Chairman
2	Ms. Meenu Garg	Executive Director	Member
3	Mr. Pradeep Kumar Garg	Executive Director	Member

## Key Principles of the Remuneration Policy

While designing compensation for Directors, Key managerial personnel, senior management and other employees, the following set of principles act as guiding factors:

1. Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.
2. Minimize complexity and ensure transparency.
3. Link to long term strategy as well as annual business performance of the company
4. Promotes a culture of meritocracy and is linked to key performance and business drivers.
5. Reflective of line expertise, market competitiveness so as to attract the best talent.

## Directors' Report continued

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As per the provisions of Section 135 of Companies Act 2013, every specified company shall spend at least 2% of average net profit made during immediate three preceding financial years on Corporate Social Responsibility (CSR) projects and programs specified in Schedule VII of Companies act 2013. No CSR expenditure incurred by Company as required under companies Act. However company is committed to incur such expenditure in coming financial year.

Constitution of CSR Committee is below:

S. No	Name	Designation
1	Mr. Pradeep Kumar Garg	Chairman
2	Mr. Ashutosh Gupta	Member
3	Mr. Saravjeet Singh Chawla	Member

Ms. Rakhi Singh, Company Secretary of the company shall act as the Secretary of the Committee.

### DISCLOSURE AS PER THE SEXUAL HARRASMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has a policy on prohibition, prevention and redressal of Sexual Harassment of women at workplace and matters connected there with or incidental there to covering all the aspects as contained under "The Sexual Harassment of women at workplace (Prohibition, Prevention and Redressal) Act, 2013". During the financial year 2018-19, no complaint was received under the policy.

### CHANGE IN THE NATURE OF BUSINESS:

There is no change in the nature of the business of the Company during the financial year 2018-19. But has adopted some more option to generate revenue during the year.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

- a) In accordance with the provisions of the Companies Act, 2013 and the Company's Articles of Association, Ms. Meenu Garg (DIN-00044439), Whole Time Director of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment.

She has confirmed that she is not disqualified under Section 164 of the Companies Act, 2013 and is eligible to be re-appointed as Director of the Company.

- b) Directors of the Company as on 31<sup>st</sup> March, 2019 are Mr. Pradeep Kumar Garg (DIN-00030683), Mrs. Meenu Garg (DIN-00044439), Mr. Ashutosh Gupta (DIN-06815846), Mr. Saravjeet Singh Chawla (08266652). During the financial year Mr. Umesh Aggarwal, Ms. Nikita Goel and Mr. Bharat Singh Bisht, Independent Directors of the Company has resigned from the Directorship of the Company.

### EXTRACT OF ANNUAL RETURN:

In compliance with Section 92(3), Section 134 (3) (A) and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 the extract of the Annual Return have been annexed with this board report in Form MGT-9 as Annexure- A.

### NUMBER OF BOARD MEETINGS HELD DURING THE YEAR UNDER REVIEW:

During the period commencing from 1<sup>st</sup> April, 2018 and ending on 31<sup>st</sup> March, 2019, the board of directors of your company met on the following dates on 02<sup>nd</sup> April, 2018, 01<sup>st</sup> June 2018, 04<sup>th</sup> June, 2018, 02<sup>nd</sup> July, 2018, 10<sup>th</sup> July, 2018, 27<sup>th</sup> July, 2018, 22<sup>nd</sup> August 2018, 12<sup>th</sup> September, 2018, 26<sup>th</sup> October, 2018, 1<sup>st</sup> November, 2018, 6<sup>th</sup> December, 2018, 01<sup>st</sup> February, 2019, 13<sup>th</sup> February 2019 and 05<sup>th</sup> March, 2019.

### DIRECTOR'S RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your directors make the following statement in terms of Section 134 (3) (c) & 134 (5) of the Companies Act, 2013:

- in the preparation of the Annual accounts, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the financial year and of the Profit & Loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the Annual accounts on a going concern basis;
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### DECLARATION BY INDEPENDENT DIRECTORS:

Mr. Saravjeet Singh Chawla is the Independent Directors of the Company. The Board of Directors had received declaration under Sub-Section (6) of Section 149 of the Companies Act, 2013.

### SHARES:

#### Authorised and paid up share capital:

The Authorized Capital of the company is ₹ 70,00,00,000/- divided into 6,04,62,012 Equity Shares of ₹ 10/- (Rupees Ten) each and 95,37,988 Preference Shares of ₹ 10/-each and paid up capital of ₹ 56,70,90,120/- divided into 5,04,62,012 equity Shares of ₹ 10/- each and 62,47,000 preference shares of ₹ 10/- each).

### Buy Back Of Securities

The Company has not bought back any of its securities during the year under review.

### Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

### Bonus Shares

No Bonus Shares were issued during the year under review.

### Employees Stock Option Plan

The Company has not provided any Stock Option Scheme to the employees.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

During the year under review, the Company has not advanced any loans or given guarantees/ Security and made any investment as per Section 186 of the Companies Act, 2013.

### RELATED PARTY TRANSACTIONS:

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its approval.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

### SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

Company does not have any subsidiary & Associate Company and Joint venture during the financial year ended 31.03.2019.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Corporation in future.

### INTERNAL FINANCIAL CONTROL

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements. The internal auditor of

the Company checks and verifies the internal control and monitors them in accordance with policy adopted by the Company.

### PARTICULARS OF EMPLOYEES:

None of the Employee was drawing remuneration in excess of the limits laid by the Companies Act, 2013 as specified under Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as required under Section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, our director furnish following information as required.

#### A. CONSERVATION OF ENERGY

Since the Company is not engaged in any manufacturing activity, the particulars are not applicable.

#### B. TECHNOLOGY ABSORPTION AND ADOPTION

The Company has acquired latest foreign technology during the under review. The technology adopted and applied is the latest technology available in the Industry enabling your company to timely complete the challenging tasks successfully.

#### C. FOREIGN EXCHANGE EARNINGS/ OUTGO

The Foreign exchange expenditure and earnings of the company during the year under review is as follows

S. No.	Particulars	Current Year	Previous year
1	Outgo on account of import of raw materials and stores	NIL	NIL
2	Outgo on account of import of Capital Goods	NIL	NIL
3	Earnings in Foreign currency	NIL	NIL

### BUSINESS RISK MANAGEMENT:

In accordance with Section 134 (3) (n) of the Companies Act, 2013 the Board Members were informed about risk assessment and minimization procedures after which the Board formally adopted steps for framing, implementing and monitoring the Risk Management Policy for the Company.

The main objective of this policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. In order to achieve the key objective, the policy establishes a structured and disciplined approach to Risk Management, including the development of the Risk Matrix, in order to guide decisions on risk related issues. The specific objectives of the Risk Management Policy are:



## Directors' Report continued

1. To ensure that all the current and future material risk exposures of the company are identified, assessed, quantified, appropriately mitigated and managed.
2. To establish a framework for the company's risk management process and to ensure companywide implementation.
3. To ensure systematic and uniform assessment of risks related with construction projects and operational power stations.
4. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
5. To assure business growth with financial stability.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities.

Business risk, inter-alia, further includes Strategic Risk, Business Risk, Operational Risk, political risk, etc. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

### HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

### ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation to the employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the company to remain at the forefront of the industry.

Your Company continues to occupy a place of respect among stakeholders, most of all our valuable customers. Your Directors would like to express their sincere appreciation for assistance and co-operation received from the vendors and stakeholders including financial institutions, banks, Central and State Government authorities, customers and other business associates, who have extended their valuable sustained support and encouragement during the year under review. It will be the Company's endeavour to build and nurture the strong links with its stakeholders.

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

**Pradeep Kumar Garg**  
Managing Director  
(DIN-00030683)

**Meenu Garg**  
Whole Time Director  
(DIN -00044439)

Date: 24/06/2019  
Place: New Delhi

**Annexure-A**  
**FORM No. MGT-9**

EXTRACT OF ANNUAL RETURN  
[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:

i)	CIN:	U74899DL1989PLC038371
ii)	Registration Date	16.11.1989
iii)	Name of the Company:	NKG Infrastructure Limited
iv)	Category/ Sub-Category of the Company:	Public Limited Company having share Capital
v)	Address of Registered Office:	204, Kailash Building 26; K.G. Marg, New Delhi- 110001
vi)	Contact Details:	011-47682800
vii)	Whether listed Company or Not	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Karvy Computershare Private Limited,. Plot No-17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500061

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

S. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
1	Construction, Building & Hospital Work	41001	98.05
2	Electrical works	35101	1.94

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
	Nil	Nil	Nil	Nil	Nil

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

### i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	20921032	360000	21281032	37.66	20921032	360000	21281032	37.53	0
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	29540980	5887000	35427980	62.47	29540980	5887000	35427980	62.47	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total									
(A) (1):-	5,04,62,012	62,47,000	5,67,09,012	100.00	5,04,62,012	62,47,000	5,67,09,012	100.00	0

## Directors' Report continued

[illegible]



Category of Share Holders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share Capital in excess of ₹1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)									
(c-i) NRI/OCB	-	-	-	-	-	-	-	-	-
(c-ii)-clearing member	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B) (2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
Grand Total (A+B+C)	5,04,62,012	62,47,000	5,67,09,012	100.00	5,04,62,012	62,47,000	5,67,09,012	100.00	0

### B) Shareholding of Promoter-

S. No.	Shareholder's Name	Shareholding 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 / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Pradeep Kumar Garg	19417432	34.24	-	19417432	34.24	-	-
2	Pradeep Kumar Garg (HUF)	700000	1.23	-	700000	1.23	-	-
3	Shashi Rani Garg	374600	0.66	-	374600	0.66	-	-
4	Naresh Kumar Garg	231000	0.41	-	231000	0.41	-	-
5	Meenu Garg	558,000	0.98	-	558,000	0.98	-	-
6	Archit Steels Private Limited	15129664	26.67	-	15129664	26.67	85,06,350	-

## Directors' Report continued

S. No.	Shareholder's Name	Shareholding 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 / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
7	Pradeep Sons Private Limited	7718984	13.61	-	7718984	13.61	-	-
8	Aman Promoters Private Limited	4,913,332	8.66	-	4,913,332	8.66	-	-
9	Expert Power Control (India) Private Limited	1,560,000	2.75	-	1,560,000	2.75	-	-
10	Elegant Infraworld Private Limited	1495000	2.63	-	1495000	2.63	-	-
11	Jay Shree Radhey Land & Estate Developers Private Limited	798000	1.41	-	798000	1.41	-	-

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

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc):				
	At the end of the year	-	-	-	-

**D) Shareholding Pattern of top ten Shareholders: \_N.A.**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

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

**E) Shareholding of Directors and Key Managerial Personnel:**

S. No	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Share -holding during the year	
		No. of shares	% of total shares of the co.	No. of shares	% of total shares of the co.
1.	Pradeep Kumar Garg At the beginning of the year	1,94,17,432	34.24	1,94,17,432	34.24
	Date wise Increase in Share holding during the year specifying the reasons for increase:	-	-	-	-
	At the end of the year	1,94,17,432	34.24	1,94,17,432	34.24
2.	Meenu Garg At the beginning of the year				
	Date wise Increase in Share holding during the year specifying the reasons for increase:	-	-	-	-
	At the end of the year	5,58,000	0.98	5,58,000	0.98

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

(₹ in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial year</b>				
i) Principal Amount	4494.13	1367.19	-	5861.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4494.13</b>	<b>1367.19</b>	<b>-</b>	<b>5861.32</b>
<b>Change in Indebtedness during the Financial year</b>				
* Addition	394.37	-	-	394.37
* Reduction	1407.73	32.19	-	1439.92
Net Change	-1013.36	-32.19	-	1045.55
<b>Indebtedness at the end of the Financial year 18-19</b>				
i) Principal Amount	3480.77	1335.00	-	4815.77
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>3480.77</b>	<b>1335.00</b>	<b>-</b>	<b>4815.77</b>

## Directors' Report continued

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

S. No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (₹In Lacs)
		Ashutosh Gupta	Meenu Garg	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13.80	60.00	73.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...			
5	Others, please specify			
	Total (A)	13.80	60.00	73.80
	Ceiling as per the Act			

## B. Remuneration to other directors:

S. No	Particulars of Remuneration	Name of Directors				Total Amount
		-	-	-	-	-
1	Independent Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					



**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD: NA**

S. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total (₹ in Lacs)
	Gross salary	-	5	13.2	18.2
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	Others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total		5	13.2	18.2

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: N.A**

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

Penalty

Punishment

N.A.

Compounding

**B. DIRECTORS**

Penalty

Punishment

N.A.

Compounding

**C. OTHER OFFICERS IN DEFAULT**

Penalty

Punishment

N.A.

Compounding

# Independent Auditor's Report

## To the Members of NKG Infrastructure Limited

### OPINION

We have audited the accompanying Ind AS financial statements of NKG Infrastructure Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

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

### BASIS FOR OPINION

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

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## RESPONSIBILITY OF MANAGEMENT FOR FINANCIAL STATEMENTS

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

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

The Board of Directors are also responsible for overseeing the company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note No.29 (ii) to the Ind AS 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For KARMV & Company**  
Chartered Accountants  
FRN No.-023022N

**CA Kailash Kumar**  
Partner  
M. No. 511322

Place of Signature: New Delhi  
Date: 24/6/2019

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

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

## 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

## Annexure “A”

### to the Independent Auditor’s Report

The Annexure referred to in Independent Auditors’ Report to the members of the Company on the Ind AS financial statements for the year ended 31st March 2019, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancy was noticed on such physical verification.
- (c) The title deeds of immovable properties are held in the name of Company.
- (ii) In our opinion, physical verification of inventory has been conducted by the management at reasonable intervals. No material discrepancy was noticed on such physical verification of Inventory.
- (iii) As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited liability Partnerships or other parties covered in the Register maintained under section 189 of the Companies Act, 2013. Accordingly the clauses (iii) (a), (iii) (b) & (iii) (c) of the Order are not applicable.
- (iv) As per the information and explanations given to us, the Company has not given any loans, investments, guarantees and security and as such the provisions of Section 185 & 186 of the Companies Act, 2013 are not applicable.
- (v) The Company, has not accepted any deposits from the public during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records prescribed under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) (a) According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues with appropriate authorities including Provident Fund, ESI, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, value Added Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to the company and that there are no undisputed statutory dues outstanding as on 31st March, 2019 for a period more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed demands of statutory dues which need to be deposited:
- (viii) As per the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks or Government. Company has so far not issued any debentures.
- (ix) As per the information and explanations given to us, the Company has not raised any money by way of initial Public offer or further Public offer ( including debt instruments ) and Term Loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- (x) According to the information and explanations given to us, no material fraud on or by the Company by its officers or employees has been noticed or reported during the year under review.
- (xi) In our opinion and according to the information and explanations given to us, Managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable..
- (xiii) In our opinion all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable and the necessary details have been disclosed in the Ind As financial statements as required by the applicable Accounting Standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible Debentures.. As such the reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with him and as such the compliance of provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For KARMV & Company**  
Chartered Accountants  
FRN No.-023022N

**CA Kailash Kumar**  
Partner  
M. No. 511322

Place of Signature: New Delhi  
Date: 24/6/2019



# Annexure “B”

## to the Independent Auditor’s Report

Report on the Internal Financial Controls over Financial Reporting 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 NKG Infrastructure Limited (‘the Company’) as of 31 March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company 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, 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Ind AS financial statements, whether due to fraud or error.

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

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

### OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For KARMV & Company**  
Chartered Accountants  
FRN No.-023022N

**CA Kailash Kumar**  
Partner  
M. No. 511322

Place of Signature: New Delhi  
Date: 24/6/2019

# Balance Sheet

as at March 31, 2019

(₹ in Lac)

Particulars	Note No.	March-2019	March-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	34,954.94	37,695.86
Capital Work-in-Progress	2.1	113.17	-
Intangible Assets	3	52.00	72.20
		<b>35,120.11</b>	<b>37,768.06</b>
<b>Financial Assets</b>			
Other Financial Assets	4	642.86	802.21
Income Tax Assets (Net)	5	2,286.91	1,336.04
Other Non-Current Assets	6	1,295.16	914.19
		<b>39,345.04</b>	<b>40,820.50</b>
<b>Current assets</b>			
Inventories	7	38,770.49	37,836.98
<b>Financial Assets</b>			
Trade Receivables	8	17,452.88	17,745.27
Cash and Cash Equivalents	9	1,278.65	956.39
Bank Balances other than above	10	5,786.17	5,541.08
Other Financial Assets	4	16,938.49	17,666.15
Other Current Assets	6	3,444.36	3,575.92
		<b>83,671.04</b>	<b>83,321.79</b>
<b>TOTAL</b>		<b>123,016.08</b>	<b>124,142.29</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	11	5,670.90	5,670.90
Other Equity	12	65,818.19	63,059.75
		<b>71,489.09</b>	<b>68,730.65</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	13	4,318.78	4,361.34
Other Financial Liabilities	14	163.53	-
Provisions	15	377.48	394.96
Deferred tax liabilities (Net)	16	3,510.98	3,104.67
Other non-current liabilities	17	3,014.97	3,421.60
		<b>11,385.74</b>	<b>11,282.57</b>
<b>Current liabilities</b>			
<b>Financial Liabilities</b>			
Borrowings	18	19,895.55	22,954.68
Trade payables	19	10,586.97	10,163.28
Other Financial Liabilities	14	1,239.06	2,418.19
Other Current Liabilities	17	8,376.31	8,517.19
Provisions	15	43.36	75.73
		<b>40,141.25</b>	<b>44,129.07</b>
<b>TOTAL</b>		<b>123,016.08</b>	<b>124,142.29</b>
Significant Accounting Policies, Estimates & Judgements	1		
Notes on Financial Statements	2-48		

For and on behalf of the Board of Directors

**For KARMV & Company**

Chartered Accountants

FRN No.-023022N

**Pradeep Kumar Garg**

Managing Director

**Meenu Garg**

Whole Time Director

**CA Kailash Kumar**

Partner

M No. 511322

**Jitendra Kumar Saini**

CFO

**Rakhi Singh**

Company Secretary

Place of Signature : New Delhi

Dated: 24/6/2019

# Statement of Profit and Loss

for the year ended on March 31, 2019

(₹ in Lac)

Particulars	Note No.	March-2019	March-2018
<b>I. Revenue From Operations</b>	20	123,033.24	129,140.92
<b>II. Other Income</b>	21	376.09	535.82
<b>III. Total Income (I+II)</b>		<b>123,409.33</b>	<b>129,676.74</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	22	99,186.15	105,637.60
Changes in Inventories of Work-In Progress	23	1,608.35	-68.19
Employee Benefits Expense	24	4,041.14	3,950.95
Finance Costs	25	3,651.07	4,228.24
Depreciation and Amortization on :			
a) Tangible Assets		3,364.15	3,496.59
b) Intangible Assets		20.20	21.48
		3,384.35	3,518.07
Other Expenses	26	7,621.30	9,070.57
<b>Total Expenses (IV)</b>		<b>119,492.36</b>	<b>126,337.24</b>
Profit before Prior Periods, Exceptional Items and Tax		3,916.97	3,339.50
<b>V. Profit before Exceptional Items and Tax (III-IV)</b>		<b>3,916.97</b>	<b>3,339.50</b>
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit before Tax (V+VI)</b>		<b>3,916.97</b>	<b>3,339.50</b>
<b>VIII. Tax Expense:</b>			
Current Tax		821.82	579.76
Deferred Tax		406.30	496.38
Tax relating to earlier years		-	43.38
<b>IX. Profit For The Year (VII-VIII)</b>		<b>2,688.85</b>	<b>2,219.98</b>
<b>X. Other Comprehensive Income:</b>	27		
A (i) Items that will not be reclassified to profit or loss		106.44	39.46
A (ii) Income Tax relating to items that will not be reclassified to profit or loss		(36.84)	(13.66)
B (i) Items that will be reclassified to profit or loss		-	-
B (ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
<b>XI. Total Comprehensive Income for the Year (IX+X)</b>		<b>2,758.45</b>	<b>2,245.78</b>
<b>(Comprising Profit/ (Loss) and Other Comprehensive Income for the Year)</b>			
<b>XII. Earning per Equity Share (₹):</b>	28		
(1) Basic		5.33	4.40
(2) Diluted		4.74	3.91
Face Value Per Equity Share (₹)		10.00	10.00
Significant Accounting Policies, Estimates & Judgements	1		
Notes on Financial Statements	2-48		

For and on behalf of the Board of Directors

**For KARMV & Company**

Chartered Accountants

FRN No.-023022N

**Pradeep Kumar Garg**  
Managing Director

**Meenu Garg**  
Whole Time Director

**CA Kailash Kumar**

Partner

M No. 511322

**Jitendra Kumar Saini**  
CFO

**Rakhi Singh**  
Company Secretary

Place of Signature : New Delhi

Dated: 24/6/2019

Strategy

Reports

Financials

# Cash Flow Statement

for the year ended on March 31, 2019

(₹ in Lac)

Sr. No.	Particulars	As at 31 st March 2019	As at 31 st March 2018
<b>(A) CASH FLOW STATEMENT FROM OPERATING ACTIVITIES</b>			
	<b>Net Profit Before Taxation</b>	3,916.97	3,339.50
	Adjustments for :-		
	Depreciation	3,384.35	3,518.07
	Finance Cost	3,651.07	4,228.24
	Other Comprehensive Income	69.60	25.80
	Interest Income	(376.09)	(535.82)
	<b>Operating Profit Before Working Capital Changes</b>	<b>10,645.90</b>	<b>10,575.79</b>
	Adjustments for :-		
	(Increase)/ Decrease in Trade Receivables	292.39	517.52
	(Increase)/ Decrease in Inventories	(933.51)	296.93
	(Increase)/ Decrease in Bank Balance	(245.09)	1,717.88
	(Increase)/ Decrease in Other Financial Assets & Other Assets	682.36	13.44
	Increase/(Decrease) in Liabilities & Provisions	(1,255.03)	(6,179.22)
	<b>Net Increase/(Decrease) in Working Capital</b>	<b>(1,458.88)</b>	<b>(3,633.45)</b>
	<b>Cash Generated from Operations</b>	<b>9,187.02</b>	<b>6,942.34</b>
	Direct Taxes Paid (Net of Refunds )	(1,772.68)	(823.75)
	<b>Total Cash Flow from Operation (A)</b>	<b>7,414.34</b>	<b>6,118.59</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES (Cr.)</b>			
	Purchase of Fixed Assets/CWIP	(753.69)	(408.10)
	Disposal of Fixed Assets	17.30	48.87
	Interest Received	331.32	684.13
	<b>Net Cash Used in Investing Activities (B)</b>	<b>(405.07)</b>	<b>324.90</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES (Cr.)</b>			
	Long Term Borrowings	(42.56)	(878.90)
	Short Term Borrowings	(3,059.13)	(443.53)
	Interest Paid	(3,585.31)	(4,412.00)
	<b>Net Cash From Financing Activities (C)</b>	<b>(6,687.00)</b>	<b>(5,734.43)</b>
<b>(D) Net Increase/ Decrease in Cash &amp; Cash Equivalents (A-B+C)</b>		<b>322.27</b>	<b>709.06</b>
	<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>(956.39)</b>	<b>(247.33)</b>
	<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>1,278.65</b>	<b>956.39</b>

As per our report of even date attached

## For KARMV & Company

Chartered Accountants  
FRN No.-023022N

## CA Kailash Kumar

Partner  
M No. 511322

Place of Signature : New Delhi  
Dated: 24/6/2019

## For and on behalf of the Board of Directors

**Pradeep Kumar Garg**  
Managing Director

**Jitendra Kumar Saini**  
CFO

**Meenu Garg**  
Whole Time Director

**Rakhi Singh**  
Company Secretary



# Statement of Changes In Equity

for the year ended March 31, 2019

## a. Share Capital

### i. Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting period	5,046.20	5,046.20
Changes in capital during the year	-	-
<b>Balance at the end of the reporting period</b>	<b>5,046.20</b>	<b>5,046.20</b>

### ii. Convertible Preference Shares of ₹ 10/- each

(₹ in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting period	624.70	624.70
Changes in capital during the year	-	-
<b>Balance at the end of the reporting period</b>	<b>624.70</b>	<b>624.70</b>

## b. Other equity

Particulars	Reserves & Surplus		Total
	Retained earnings	Security Premium	
<b>Balance at March 31, 2018</b>	<b>49,601.66</b>	<b>13,458.09</b>	<b>63,059.75</b>
Profit / (Loss) for the year	2,688.85	-	2,688.85
Security Premium Account	-	-	-
Other comprehensive income for the year	69.60	-	69.60
<b>Balance at March 31, 2019</b>	<b>52,360.11</b>	<b>13,458.09</b>	<b>65,818.20</b>

## For and on behalf of the Board of Directors

### For KARMV & Company

Chartered Accountants  
FRN No.-023022N

### CA Kailash Kumar

Partner  
M No. 511322

Place of Signature : New Delhi  
Dated: 24/6/2019

**Pradeep Kumar Garg**  
Managing Director

**Jitendra Kumar Saini**  
CFO

**Meenu Garg**  
Whole Time Director

**Rakhi Singh**  
Company Secretary

# Corporate Information

## and Significant Accounting Policies

### 1. CORPORATE INFORMATION

NKG Infrastructure Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the company are not listed. The registered office of the company is located at 204 Kailash Building, 26, K. G. Marg, New Delhi - 110001

The company is a construction company involved in the execution and construction of infrastructure projects which includes construction of roads, bridges, electrification network including erection of power substations, institutional and residential buildings, and potable water and drainage lines.

### NOTE 1A: SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Preparation of Financial Statements

The Financial statements are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standard) Rules, 2015.

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest Rupees in Lac only, except otherwise indicated.

#### 2. Revenue Recognition

- a) Construction Revenue: The Company is required to construct or develop an asset on behalf of a customer, which is considered as a single performance obligation as the bundle of goods or services represent the combined output for which the customer has contracted with the Company i.e. Construction of the project/ assets.

For contracts, transaction price is the price which is contractually agreed with the customers for provision of services. The revenue is recognized over time based on the input method of measuring progress because in such contracts, the customer receives and uses the benefits as the Company performs its obligation.

- b) Interest income is recognized on the time basis taking into account the amount outstanding and rates applicable.

#### 3. Operating Lease:

Leases where the lessor effectively retains substantially all the risks and benefit of ownership of the leased items are considered as operating lease. Operating lease payments are recognized as an expense in the profit and loss account on straight line basis over lease term.

#### 4. Property, Plant & Equipments

- a) Property, Plant & Equipments are carried at cost less depreciation / amortization and impairment loss, if any. The cost of fixed assets includes cost of acquisition and directly attributable cost for bringing the assets in an operational condition for their intended use.
- b) An intangible asset is recognized where it is probable that the future economic benefit attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Such assets are stated at cost less accumulated amortization.
- c) Capital work-in-progress is carried at cost.

#### 5. Depreciation /Amortisation on Property, Plant & Equipments:

##### Depreciation:

- (a) Depreciation on Fixed Assets has been provided on Straight Line Method, based on useful life as specified in Schedule II of the Companies Act, 2013.
- (b) Fixed Assets individually costing up to ₹ 5,000/- are being fully depreciated in the year of acquisition.
- (c) Depreciation on assets discarded from active use and held for disposal is not being provided.

##### Amortization:

- (a) Value of Leasehold Land is amortized over the period of lease.
- (b) Intangible assets comprising of software licenses are amortized on straight line method over a period of legal right or five years whichever is earlier on pro-rata basis.

#### 6. Inventories:

- a) Construction material and stores are valued at lower of cost or net realizable value.
- b) Work in progress is valued at Net realizable value determined on the basis of percentage of completion method.

#### 7. Retirement Benefits:

Company's contribution to Provident fund is provided at actual. Liability for gratuity and leave encashment has been provided on the basis of actuarial valuation at the year-end.

#### 8. Borrowing Cost:

Borrowing cost that is attributable to acquisition or construction of qualifying assets is capitalized as part of cost of such assets. Qualifying assets are those that necessarily take a substantial period of time to get ready for their intended use. Other borrowing costs are charged to revenue.

## 9. Provisions & Contingent Liabilities:

- a) Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:
  - i) The company has a present obligation as a result of a past event;
  - ii) A probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - iii) The amount of the obligation can be reliably estimated.
- b) Contingent liability is disclosed in case of:
  - i) A present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
  - ii) A possible obligation, unless the probability of outflow in settlement is remote.
- c) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

## 10. Foreign Currency Transactions

Foreign currency transactions are recorded on initial recognition at the exchange rate prevailing on the date of the transaction.

Foreign currency monetary items remaining unsettled at the end of the year are reported at year-end rates. Non-Monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Foreign Exchange Variation on the settlement / translation of monetary items are recognized in the Statement of Profit & Loss except for foreign exchange variation arising out of settlement / translation of long term monetary items related to fixed assets which is adjusted in the cost of related assets .

## 11. Taxation

### (a) Current Tax

Provision for taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961. However, where the tax is computed in accordance with the provisions of Section 115 JB of the Income Tax Act, 1961 as the Minimum Alternate Tax (MAT), it is charged off to the statement of Profit and Loss of the relevant year. However, credit of MAT would be taken within the permissible time period when the company's profits would be subject to normal income tax rates.

### (b) Deferred Tax

Deferred Tax resulting from "timing differences" between taxable income and accounting income is determined by using the tax rates and the tax laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets are carried forward to the extent it is reasonably/ virtually certain that future taxable profit will be available against which such deferred tax assets can be realized.

## 12. Impairment of Assets:

At each balance sheet date an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount, is provided in the books of account.

## 13. Financial instruments

### (i) Financial assets:

All financial assets are recognized initially at fair value and subsequently measured at amortised cost.

### (ii) Financial Liabilities:

All financial liabilities are recognized initially at fair value and subsequently measured at amortised cost.

### (iii) De-recognition

Financial assets is derecognized when right to receive cash flow from the assets expired or at transfer of the financial assets and transfer qualify for de-recognition.

Financial liability is derecognized when the obligation under the liability is discharged or expires.

## NOTE 1B: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. These include recognition and measurement of financial instruments, estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets, valuation of inventories, measurement of recoverable amounts of cash-generating units, measurement of employee benefits, actuarial assumptions, provisions etc. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

## Corporate Information continued and Significant Accounting Policies

### 1. JUDGEMENTS

In the process of applying the company's accounting policies, management has made the following judgements, which have the significant effect on the amounts recognised in the financial statements:

#### a) Lease classification in case of leasehold land

The Company has obtained land from the governments for purpose of erecting solar plant. This land is having limited tenure and at the end of lease term, the lease could be extended for another term or the land could be returned to the government authority. Since land has an indefinite economic life, the management has considered 99 years and above cases for finance lease if at the inception of the lease, the present value of minimum lease payments are substantially equal to fair value of leased assets. Leases not meeting the finance lease criteria are classified under operating leases.

#### b) Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events

### 2. ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

#### a) Defined benefit plans / Other Long term employee benefits

The cost of the defined benefit plans and other long term employee benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. The management considers the interest rates of government securities based on expected settlement period of various plans.

#### b) Impairment of financial assets

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the company's past history and other factors at the end of each reporting period.



## NOTE NO. 2: TANGIBLE ASSETS

### FY 2018-19

Particulars	Gross Block				Depreciation/Amortisation				Net Block		
	Cost as on 01.04.2018	Additions during the year	Sale/ Disposal	Adjustment	Total as on 31.03.2019	Upto 31.03.2018	During the Year	Sale/ Disposal	Adjustment	Total as on 31.03.2019	As on 31.03.2018
(1) Tangible Assets											
(A) Construction Division											
Land	5.95	-	-	-	5.95	-	-	-	-	-	5.95
Building *	187.30	-	-	-	187.30	9.81	3.27	-	-	13.08	174.22
Plant & Machinery	32,576.92	486.93	90.68	-	32,973.16	7,342.92	2,512.35	73.38	-	9,781.89	23,191.27
Lab Equipment	46.31	-	-	-	46.31	27.99	7.21	-	-	35.20	11.11
Vehicles	707.59	127.63	-	-	835.22	404.57	106.86	-	-	511.43	323.79
Furniture & Fixtures	3502	1.19	-	-	36.21	15.92	3.82	-	-	19.74	16.47
Office Equipment	37.55	1005	-	-	47.60	25.15	7.54	-	-	32.69	14.91
Computer Hardware	56.58	14.73	-	-	71.31	34.66	8.03	-	-	42.69	28.62
Earth Moving Machine	1,486.34	-	-	-	1,486.34	920.63	152.29	-	-	1,072.92	413.42
Electrical Installations & Equipment	52.99	-	-	-	52.99	23.28	5.82	-	-	29.10	23.89
(B) Solar Division											
Building	3.19	-	-	-	3.19	0.66	0.01	-	-	0.67	2.52
Gujarat Solar Power	13,332.92	-	-	-	13,332.92	2,035.63	555.90	-	-	2,591.53	10,741.39
Office Equipment	3.39	-	-	-	3.39	3.06	-	-	-	3.06	0.33
Plant & Machinery	10.55	-	-	-	10.55	2.46	1.03	-	-	3.49	7.06
Total	48,542.60	640.53	90.68	-	49,092.45	10,846.74	3,364.15	73.38	-	14,137.51	34,954.94
											37,695.86

## NOTE NO. 2.1 - CAPITAL WORK-IN-PROGRESS

Capital Work-in-Progress	-	113.17	-	-	-	-	-	-	113.17	-
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## NOTE NO. 3 - INTANGIBLE ASSETS

Software Licences	129.15	-	-	-	56.95	20.20	-	-	52.00	72.20
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# Notes

forming part of the accounts

## NOTE NO. 2: TANGIBLE ASSETS

FY 2017-18

Particulars	Gross Block				Total as on 31.03.2018	Depreciation/Amortisation				Net Block	
	Cost as on 01.04.2017	Additions during the year	Sale/ Disposal	Adjustment		Upto 31.03.2017	During the Year	Sale/ Disposal	Adjustment	Total as on 31.03.2018	As on 31.03.2018
(1) Tangible Assets											
(A) Construction Division											
Land	5.95	-	-	-	5.95	-	-	-	-	5.95	5.95
Building *	187.30	-	-	-	187.30	6.54	3.27	-	9.81	177.49	180.76
Plant & Machinery	32,638.67	100.99	162.74	-	32,576.92	4,916.26	2,540.53	113.87	7,342.92	25,234.00	27,722.41
Lab Equipment	46.31	-	-	-	46.31	19.17	8.82	-	27.99	18.32	27.14
Vehicles	704.89	2.70	-	-	707.59	275.42	129.15	-	404.57	303.02	429.47
Furniture & Fixtures	34.83	0.19	-	-	35.02	11.00	4.92	-	15.92	19.10	23.83
Office Equipment	36.12	1.43	-	-	37.55	17.99	7.16	-	25.15	12.40	18.13
Computer Hardware	52.39	4.19	-	-	56.58	23.59	11.07	-	34.66	21.92	28.80
Earth Movng Machine	1,484.19	2.15	-	-	1,486.34	682.51	238.12	-	920.63	565.71	801.68
Electrical Installations & Equipment	51.36	1.63	-	-	52.99	15.70	7.58	-	23.28	29.71	35.66
(B) Solar Division											
Building	3.19	-	-	-	3.19	0.44	0.22	-	0.66	2.53	2.75
Gujrat Solar Power	13,038.10	294.82	-	-	13,332.92	1,490.70	544.93	-	2,035.63	11,297.29	11,547.40
Office Equipment	3.39	-	-	-	3.39	3.06	-	-	3.06	0.33	0.33
Plant & Machinery	10.55	-	-	-	10.55	1.64	0.82	-	2.46	8.09	8.91
Total	48,297.24	408.10	162.74	-	48,542.60	7,464.02	3,496.59	113.87	-	37,695.86	40,833.22

## NOTE NO. 3 - INTANGIBLE ASSETS

Software Licences	129.15	-	-	-	129.15	35.47	21.48	-	-	56.95	93.68
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\* Represent Capital expenditure incurred on properties acquired on lease basis

**NOTE - 4: OTHER FINANCIAL ASSETS****(Unsecured, Considered Good at amortised cost)**

(₹ in Lac)

Particulars	Non Current		Current	
	March-2019	March-2018	March-2019	March-2018
Interest Accrued on Bank Deposits	-	-	355.31	310.55
Security Deposits/ Retention Money	642.86	802.21	16,583.17	17,355.60
<b>TOTAL</b>	<b>642.86</b>	<b>802.21</b>	<b>16,938.48</b>	<b>17,666.15</b>

**NOTE - 5: INCOME TAX/CURRENT TAX ASSET - NET**

(₹ in Lac)

Particulars	Non Current		Current	
	March-2019	March-2018	March-2019	March-2018
Income Tax/Current Tax Asset - Net	2,286.91	1,336.04	-	-
<b>TOTAL</b>	<b>2,286.91</b>	<b>1,336.04</b>	<b>-</b>	<b>-</b>

**NOTE - 6: OTHER ASSETS****(Unsecured, Considered Good)**

(₹ in Lac)

Particulars	Non Current		Current	
	March-2019	March-2018	March-2019	March-2018
Advances Recoverable in cash or kind	-	-	3,025.36	2,728.08
<b>Prepaid Expenses</b>	<b>529.00</b>	<b>112.82</b>	<b>383.79</b>	<b>622.47</b>
<b>GST / VAT Recoverable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190.16</b>
<b>Prepaid Rentals (Leasehold Land)</b>	<b>766.16</b>	<b>801.37</b>	<b>35.21</b>	<b>35.21</b>
<b>TOTAL</b>	<b>1,295.16</b>	<b>914.19</b>	<b>3,444.36</b>	<b>3,575.92</b>

**NOTE - 7: INVENTORIES**

(₹ in Lac)

Particulars	March-2019	March-2018
Construction Materials	14,738.54	12,343.35
Work in Progress - Construction Projects	23,885.28	25,493.63
<b>TOTAL</b>	<b>38,623.82</b>	<b>37,836.98</b>
<b>In Transit:</b>		
Construction Material	146.67	-
<b>TOTAL</b>	<b>38,770.49</b>	<b>37,836.98</b>

**NOTE - 8: TRADE RECEIVABLES****(Unsecured Considered Good - At amortised cost)**

(₹ in Lac)

Particulars	March-2019	March-2018
Trade Receivables	17,452.88	17,745.27
<b>TOTAL</b>	<b>17,452.88</b>	<b>17,745.27</b>

**Notes** continued  
forming part of the accounts

## NOTE - 9: CASH AND CASH EQUIVALENTS

(₹ in Lac)

Particulars	March-2019	March-2018
Cash and Cash Equivalents		
Bank Balances with Scheduled Banks :		
Current Account	1,030.47	824.41
Cash Balances	248.18	131.98
<b>TOTAL</b>	<b>1,278.65</b>	<b>956.39</b>

## NOTE - 10: BANK BALANCES OTHER THAN ABOVE

(₹ in Lac)

Particulars	March-2019	March-2018
Fixed Deposits	5,786.17	5,541.08
<b>TOTAL</b>	<b>5,786.17</b>	<b>5,541.08</b>

## NOTE - 11: SHARE CAPITAL

(₹ in Lac)

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares	Amount	Number of shares	Amount
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
Equity Shares of ₹ 10/- each.	60,462,012	6,046.20	60,462,012	6,046.20
Convertible Preference Shares of ₹ 10/- each	9,537,988	953.80	9,537,988	953.80
<b>TOTAL</b>		<b>7,000.00</b>		<b>7,000.00</b>
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>				
Equity Shares of ₹ 10/- each fully paid up	50,462,012	5,046.20	50,462,012	5,046.20
0% Convertible Preference Shares of ₹ 10/- each	6,247,000	624.70	6,247,000	624.70
<b>TOTAL</b>		<b>5,670.90</b>		<b>5,670.90</b>

### Further Notes:

(a) Reconciliation of number of shares outstanding and amount of share capital is set out as follow:

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of Equity shares	Amount	Number of Equity shares	Amount
Opening Balance	50,462,012	5,046.20	50,462,012	5,046.20
Add: Addition During the year	-	-	-	-
<b>Closing Balance</b>	<b>50,462,012</b>	<b>5,046.20</b>	<b>50,462,012</b>	<b>5,046.20</b>



Particulars	As at 31 March, 2019		As at 31 March, 2018	
	Number of 0% Convertible Preference shares	Amount	Number of 0% Convertible Preference shares	Amount
Opening Balance	6,247,000	624.70	6,247,000	624.70
Add: Addition During the year	-	-	-	-
<b>Closing Balance</b>	<b>6,247,000</b>	<b>624.70</b>	<b>6,247,000</b>	<b>624.70</b>

(b) Details of Shareholders who are holding more than 5% of Share Capital :

**(i) Equity Shares**

Name of Shareholders	As at 31 March, 2019		As at 31 March, 2018	
	Number of Equity shares	% Holding	Number of Equity shares	% Holding
Pradeep Kumar Garg	19,417,432	38.48	19,417,432	38.48
Archit Steels Pvt. Ltd.	15,129,664	29.98	15,129,664	29.98
Pradeep Sons Pvt. Ltd.	7,509,984	14.88	7,509,984	14.88
Aman Promoters Pvt. Ltd.	4,913,332	9.74	4,913,332	9.74
<b>Total</b>	<b>46,970,412</b>	<b>93.08</b>	<b>46,970,412</b>	<b>93.08</b>

**(ii) 0% Convertible Preference Shares**

Name of Shareholders	As at 31 March, 2019		As at 31 March, 2018	
	Number of Convertible Preference shares	% Holding	Number of Convertible Preference shares	% Holding
Navya Projects Pvt. Ltd.	2,175,000	34.82	2,175,000	34.82
Elegant Infracore Pvt. Ltd.	1,115,000	17.85	1,115,000	17.85
Meenu Garg	360,000	5.76	360,000	5.76
Jai Shree Radhey Land & Estate Developers Pvt. Ltd.	750,000	12.01	750,000	12.01
NKG Infrastructure IT Ltd.	725,000	11.61	725,000	11.61
GNG Steels Pvt. Ltd.	873,000	13.97	873,000	13.97
Aashiana Rolling Mills	40,000	0.64	40,000	0.64
Pradeep Sons Pvt Ltd	209,000	3.35	209,000	3.35
<b>Total</b>	<b>6,247,000</b>	<b>100.00</b>	<b>6,247,000</b>	<b>100.00</b>

- (c) Bonus Shares for ₹ 3784.65 Lac ( 3,78,46,509 no. of shares of ₹ 10/- each ) have been issued on 4<sup>th</sup> June 2010 by way of Capitalization of Securities Premium account.
- (d) The holders of equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per Share at the meetings of the Company
- (e) 0% Convertible preference shares of ₹10/- each issued at premium of ₹ 90 per share and these shares are compulsory convertible into equity shares at expiry of ten years from the date of allotment.

## Notes continued

forming part of the accounts

### NOTE - 12: OTHER EQUITY

(₹ in Lac)		
Name of Shareholders	March-2019	March-2018
<b>General Reserve:</b>		
As per last Account	49,601.66	47,355.88
Add: Appropriation from Surplus	2,758.44	2,245.78
	52,360.10	49,601.66
<b>Surplus (Balance in Statement of Profit and Loss):</b>		
Profit for the Year	2,688.85	2,219.98
Add: Other Comprehensive Income (Remeasurement of Defined Benefit Plans)	69.60	25.80
Less: Transfer to General Reserve	2,758.44	2,245.78
Balance carried forward to next year	-	-
	52,360.10	49,601.66
<b>Securities Premium Account :</b>		
As per last Account	13,458.09	13,458.09
<b>TOTAL</b>	<b>65,818.19</b>	<b>63,059.75</b>

### NOTE - 13: LONG TERM BORROWINGS (At Amortised Cost)

(₹ in Lac)				
Particulars	Non Current		Current	
	March-2019	March-2018	March-2019	March-2018
<b>SECURED LOANS</b>				
<b>Term Loans:</b>				
i) From Banks:	50.39	-	10.11	-0.01
ii) From Others	2,933.38	2,994.15	486.89	1,499.99
<b>Total Secured Loans</b>	<b>2,983.77</b>	<b>2,994.15</b>	<b>497.00</b>	<b>1,499.98</b>
<b>UNSECURED LOANS</b>				
Loans from related parties	560.52	315.88	-	-
Intercompany Loan	774.48	1,051.31	-	-
<b>Total Unsecured Loans</b>	<b>1,335.00</b>	<b>1,367.19</b>	<b>-</b>	<b>-</b>
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>4,318.77</b>	<b>4,361.34</b>	<b>497.00</b>	<b>1,499.98</b>

\* Current maturities (including Finance Lease Obligations) are carried to Note - 14: Other Financial Liabilities.

- A) Secured against hypothecation of specific Machineries, vehicles & equitable mortgage of Land of Solar Plant  
 B) Secured against hypothecation of specific Machineries & vehicles/Other Assets

**NOTE - 14: OTHER FINANCIAL LIABILITIES****(At Amortised Cost)**

(₹ in Lac)

Particulars	Non Current		Current	
	March-2019	March-2018	March-2019	March-2018
Current maturities of long-term debt (Refer Note - 13)	-	-	497.00	1,499.98
Interest accrued but not due on loans / advances	-	-	227.32	161.56
Employee Liabilities	-	-	514.74	756.65
Others	163.53	-	-	-
<b>TOTAL</b>	<b>163.53</b>	<b>-</b>	<b>1,239.06</b>	<b>2,418.19</b>

**NOTE - 15: PROVISIONS**

(₹ in Lac)

Particulars	Non Current		Current	
	March-2019	March-2018	March-2019	March-2018
Provision for Employee Benefits	377.48	394.96	43.36	75.73
<b>TOTAL</b>	<b>377.48</b>	<b>394.96</b>	<b>43.36</b>	<b>75.73</b>

**Note No. 16 - DEFERRED TAX LIABILITIES (NET)**

(₹ in Lac)

Particulars	As At 31 <sup>st</sup> March 2019	As At 31 <sup>st</sup> March 2018
<b>Deferred Tax Liability</b>		
Difference on account of depreciation (a)	5,281.46	4,892.60
<b>Deferred Tax Assets</b>		
Expenditure disallowed under Income Tax Act allowable on payment basis (b)	147.27	164.72
<b>TOTAL - Deferred Tax Liability (Net)- (a-b)</b>	<b>5,134.19</b>	<b>4,727.88</b>
<b>Les: MAT Credit Entitlement</b>	<b>1,623.21</b>	<b>1,623.21</b>
<b>Deferred Tax Liability (Net of MAT)</b>	<b>3,510.98</b>	<b>3,104.67</b>

Reconciliation between the average effective tax rate and the applicable tax rate is as below :

(₹ in Lac)

Particulars	March-2019	March-2018
	%	%
<b>Applicable tax rate</b>	<b>34.94</b>	<b>34.61</b>
Tax effect of income that are not taxable in determining taxable profit	(3.96)	(2.75)
Others	0.37	0.37
<b>Average Effective Tax Rate</b>	<b>31.35</b>	<b>32.23</b>

**Notes** continued  
forming part of the accounts

## NOTE - 17: OTHER LIABILITIES

(₹ in Lac)

Particulars	Non Current		Current	
	March-2019	March-2018	March-2019	March-2018
Statutory Liabilities	-	-	244.66	413.49
Mobilization/ Secured Advances	3,014.97	3,421.60	8,131.65	8,103.69
<b>TOTAL</b>	<b>3,014.97</b>	<b>3,421.60</b>	<b>8,376.31</b>	<b>8,517.18</b>

## NOTE - 18: BORROWINGS - CURRENT

(₹ in Lac)

Particulars	March-2019	March-2018
<b>SECURED LOANS</b>		
<b>Loans Repayable on Demand</b>		
<b>From Banks:</b>		
Cash Credit	19,895.55	22,954.68
<b>TOTAL SHORT-TERM BORROWINGS</b>	<b>19,895.55</b>	<b>22,954.68</b>

- A) Secured by way of pari-passu first charge on the current assets and moveable fixed assets excluding those specifically charged to other bankers, equitable mortgage of immovable properties in the name of Company, directors/ relatives/ associate companies and by way of guarantees of directors/ relatives/ associate companies

## NOTE - 19: TRADE PAYABLES

(₹ in Lac)

Particulars	March-2019	March-2018
Dues to Micro and Small Enterprises	-	-
Dues to others	10,586.97	10,163.28
<b>TOTAL</b>	<b>10,586.97</b>	<b>10,163.28</b>

## NOTE - 20: REVENUE FROM OPERATIONS

(₹ in Lac)

Particulars	March-2019	March-2018
Revenue from Construction Activities	120,636.03	126,771.43
Revenue from sale of electricity	2,397.21	2,369.49
<b>TOTAL</b>	<b>123,033.24</b>	<b>129,140.92</b>

## NOTE - 21: OTHER INCOME

(₹ in Lac)

Particulars	March-2019	March-2018
<b>Interest on:</b>		
Financial items:		
Fixed Deposits with Banks	366.34	468.82
Other Non Operative Income	9.75	67.00
	376.09	535.82
<b>TOTAL</b>	<b>376.09</b>	<b>535.82</b>

**NOTE - 22: COST OF MATERIALS CONSUMED**

(₹ in Lac)

Particulars	March-2019	March-2018
Construction Materials:		
Opening Stock	12,343.35	12,708.47
Add :		
Add: Purchases	101,581.34	105,272.48
Less: Closing Stock	14,738.54	12,343.35
<b>TOTAL</b>	<b>99,186.15</b>	<b>105,637.60</b>

**NOTE - 23: CHANGES IN INVENTORIES OF WORK-IN PROGRESS**

(₹ in Lac)

Particulars	March-2019	March-2018
<b>Closing Stock</b>		
Work in Progress - Construction Projects	23,885.28	25,493.63
Less:		
<b>Opening Stock</b>		
Work in Progress - Construction Projects	25,493.63	25,425.44
<b>NET INCREASE / (DECREASE)</b>	<b>-1,608.35</b>	<b>68.19</b>

**NOTE - 24: EMPLOYEE BENEFITS EXPENSES**

(₹ in Lac)

Particulars	March-2019	March-2018
Salaries, Wages, Bonus etc	3,848.37	3,781.91
Contribution to Provident & Other Funds	36.99	21.22
Staff Welfare Expenses	155.78	147.82
<b>TOTAL</b>	<b>4,041.14</b>	<b>3,950.95</b>

**NOTE - 25: FINANCE COSTS**

(₹ in Lac)

Particulars	March-2019	March-2018
<b>Interest Payments on Financial items:</b>		
<b>Working Capital Loans:</b>		
Banks	2,604.30	2,753.62
<b>Other Loans:</b>		
Banks	423.43	533.82
Others	623.34	940.80
	1,046.77	1,474.62
	<b>3,651.07</b>	<b>4,228.24</b>
<b>TOTAL</b>	<b>3,651.07</b>	<b>4,228.24</b>



## Notes continued

forming part of the accounts

### NOTE - 26: OTHER EXPENSES

(₹ in Lac)		
Particulars	March-2019	March-2018
Rent	228.11	245.96
Insurance	215.00	155.58
Rates & Taxes	236.37	132.66
Donations	39.11	15.18
Payment to auditors		
Audit Fee	9.00	9.00
Travelling & Conveyance	76.62	120.24
Communication Expenses	13.43	29.00
Printing & Stationery	43.58	47.12
Electricity & Water	373.25	393.21
Bank Charges	1,210.83	1,426.75
Tender Expenses	18.72	11.67
Legal Expenses / Professional Charges	461.97	611.66
Advertisement and Publicity	1.26	1.41
Other Direct Expenses	2,702.77	3,367.55
Repairs and Maintenance	315.06	251.47
Freight	1,570.51	1,288.87
Miscellaneous Expenses	105.71	963.25
<b>TOTAL</b>	<b>7,621.30</b>	<b>9,070.58</b>

### NOTE - 27: OTHER COMPREHENSIVE INCOME

(₹ in Lac)		
Particulars	March-2019	March-2018
Items that will not be reclassified to profit or loss:		
Remeasurement of Defined Benefit Plans	106.44	39.46
Income Tax relating to items that will not be reclassified to profit or loss:		
Remeasurement of Defined Benefit Plans	-36.84	-13.66
<b>TOTAL</b>	<b>69.60</b>	<b>25.80</b>

### 28. DISCLOSURES OF EPS UNDER INDIAN ACCOUNTING STANDARDS -33:

The elements considered for calculation of Earning per Share (Basic & Diluted) are as under:-

Particulars	Current Year	Previous Year
<b>Basic</b>		
Net Profit after tax used as numerator (₹ in Lac)	2688.84	2219.98
Weighted average number of equity shares used as denominator	50462012	50462012
Face Value per Share	₹ 10.00	₹ 10.00
Earning Per Share (Basic & Diluted)	₹ 5.33	₹ 4.40
<b>Diluted</b>		
Net Profit after tax used as numerator (₹ in Lac)	2688.84	2219.98
Weighted average number of diluted equity shares used as denominator	5,67,09,012	5,67,09,012
Face Value per Share	₹ 10.00	₹ 10.00
Earning Per Share (Diluted)	₹ 4.74	₹ 3.91

	Current Year		Previous Year	
	Basic	Diluted	Basic	Diluted
Net Profit after tax used as numerator	2,688.84	2688.84	2219.98	2219.98
Weighted average number of equity share used as denominator	50462012	56709012	50462012	56709012
Face Value per Share	10	10	10	10
Earning per share ( Annualized )	5.33	4.74	4.40	3.91

## 29. COMMITMENTS AND CONTINGENCIES

### i) Leases

#### Operating Lease - as lessee

The company has taken certain assets (including lands, office/residential premises) on Operating Lease which are cancellable by giving appropriate notice as per the respective agreements. During the current year, ₹ 35.21 (2018: ₹ 35.21 Lac) has been paid towards cancellable Operating Leases.

### ii) Contingent Liabilities :

Disputed Service Tax Demands ₹ NIL ( Previous Year ₹ 132.72 Lac)

## 30. SEGMENT INFORMATION:

### a) Business Segments:

The Company's main business is construction activities and generation of solar electricity. Construction activities including supply of construction materials.

### b) Segment Revenue and Expense:

Revenue directly attributable to the segments is considered as Segment Revenue. Expenses directly attributable to the segments and common expenses allocated on a reasonable basis are considered as Segment Expenses.

### c) Segment Assets and Liabilities:

Segment assets include all operating assets in respective Segments comprising of net fixed assets and current assets, loans and advances. Segment liabilities include operating liabilities and provisions.

### d) Details of Segment Revenue and Expenditure, Operating results, Segment Assets & Liabilities and other information as required under Ind AS-108 "Segment Reporting" are given as below:

**Notes** continued  
forming part of the accounts

(₹ in Lac)

	BUSINESS SEGMENTS		Total
	Construction	Power	
	Year ended 31.03.19	Year ended 31.03.19	Year ended 31.03.19
Revenue from Operations	120,638.86	2,394.38	123,033.24
	(126,771.43)	(2,369.49)	(129,140.92)
Segment Results:	5,266.10	2,301.94	7,568.04
	(5,850.11)	(1,717.63)	(7,567.74)
Unallocated Corporate expenses, Interest and finance charges			3,651.07
			(4,228.24)
Profit before Tax			3,916.97
			(3,339.50)
Income Tax ( Net)			1,018.16
			(1,119.52)
Profit after Tax			2,898.81
			(2,219.98)
<b>Other Information</b>			
Segment Assets	108,234.63	12,494.54	120,729.17
	(109,733.52)	(13,072.73)	(122,806.25)
Unallocated Corporate and other Assets			2,286.91
			(1,336.04)
Total assets			123,016.08
			(124,142.29)
Segment Liabilities	23,274.75	29.93	23,304.68
	(23,456.51)	(34.45)	(23,490.96)
Unallocated Corporate and other Liabilities			28,012.34
			(31,920.68)
Total Liabilities			51,317.02
			(55,411.64)
Depreciation/ Amortisation	2,827.40	556.95	3,384.35
	(2,972.10)	(545.97)	(3,518.07)
Capital Expenditure (Net)	753.70	-	753.70
	(113.28)	(294.82)	(408.10)

Note:

- Previous year's figures are given in brackets.
- All operations are within India. Hence information with regards to geographical segments is not prepared.

**31.** In terms of the disclosures required to be made under the Indian Accounting Standard (Ind AS-11), the amounts considered in the financial statements up to the date of Balance Sheet are as follows:

(₹ in Lac)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Contact revenue recognized as revenue for the year	8669.38	3974.73
Aggregate amount of contract cost incurred and recognized profits (less recognized losses) during the year for contracts in process as at the end of the financial year.	123033.24	128392.68
Amount of customer advances outstanding for contracts in process as at the end of the financial year.	11146.60	11525.29
Amount of retention due from customers for contracts in process as at the end of the financial year.	7053.77	9606.87

## 32. RELATED PARTIES DISCLOSURE:

Information on Related Party Disclosures as per Indian Accounting Standard (Ind AS-24) on Related Party Disclosures is given below:

### List of Related Parties

#### Key Management Personnel

- |                               |   |  |
|-------------------------------|---|--|
| 1) Mr. Pradeep Kumar Garg     | - | Managing Director                        |
| 2) Mrs. Meenu Garg            | - | Whole Time Director                      |
| 3) Ms. Rakhi Singh            | - | Company Secretary                        |
| 4) Mr. Jitendra Kumar Saini   | - | (CFO)                                    |
| 5) Mr. Ashutosh Gupta         | - | Director (w.e.f.-30.12.2017)             |
| 6) Mr. Saravjeet Singh Chawla | - | Independent Director (w.e.f.-26.10.2018) |

#### Relatives of Key Management Personnel

- 1) Mr. Archit Garg
- 2) Mr. Sarthak Garg
- 3) Mrs. Shashi Rani Garg
- 4) Mr. Rakesh Kumar

#### Enterprises over which Key Management Personnel/Directors and their relatives are able to exercise significant influence

- 1) Aashiana Rolling Mills Ltd.
- 2) Expert Power System India Ltd.
- 3) Pradeep Kumar Garg ( HUF )
- 4) Pradeep Sons Pvt Ltd

## Notes continued

forming part of the accounts

(₹ in Lac)

Description	Current Year	Previous Year
<b>A. Unsecured Loans</b>		
Mr. Pradeep Kumar Garg	276.88	251.42
Mrs. Meenu Garg	283.64	64.45
<b>B. Purchase/Contract/ Other Charges</b>		
Aashiana Rolling Mills Ltd.	NIL	2.50
<b>C. Remuneration/Consultancy</b>		
Mrs. Meenu Garg	60.00	60.00
Mr. Rakesh Kumar	18.00	18.00
Mr. Archit Garg	60.00	60.00
Mr. Sarthak Garg	60.00	Nil
Mr. Ashutosh Gupta	13.80	4.45
Ms. Rakhi Singh	5.00	4.64
Mr. Jitendra Saini	13.20	12.60
<b>TOTAL</b>	<b>216.20</b>	<b>155.24</b>
<b>D. Rent</b>		
Pradeep Kumar Garg ( HUF )	12.00	12.00

### 33. EMPLOYEE BENEFITS

The summarized position of Post-employment benefits and other long term employee benefits recognized in the Statement of Profit & Loss and the Balance Sheet as required in accordance with Indian Accounting Standard (Ind As-19) are as under

(a) Expenses recognized in Statement of Profit & Loss (Other Comprehensive Income).

(₹ in Lac)

	Gratuity Unfunded		Leave Encashment Unfunded	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
Current Service Cost	110.30	111.15	68.67	61.64
Interest Cost	26.88	24.79	4.34	4.08
Net actuarial (Gain)/ Loss recognized in the year	Nil	Nil	-21.14	-31.69
Total expenses recognized in Profit & Loss Account	137.18	135.93	51.87	34.03
Net actuarial (Gain)/ Loss recognized in the year (OCI)	-106.44	-39.46	NIL	NIL

(b) Amount recognized in the Balance Sheet

(₹ in Lac)

	Gratuity Unfunded		Leave Encashment Unfunded	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
Estimated Present value of obligations as at end of the year	331.46	395.59	89.37	75.11
Fair value of Plan Assets as at the end of the year	Nil	Nil	Nil	Nil
Unfunded Net Asset /(Liability) recognized in Balance Sheet	(331.46)	(395.59)	(89.37)	(75.11)



## (c) Change in the present value of obligations

(₹ in Lac)

	Gratuity Unfunded		Leave Encashment Unfunded	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
Present Value of obligation as at the beginning of the year	395.59	320.71	75.11	60.85
Interest Cost	26.88	24.79	4.34	4.08
Current service Cost	110.30	111.15	68.67	61.64
Benefits Paid	(94.87)	(21.60)	(37.61)	(19.77)
Actuarial loss/ (gain) on obligation	(106.44)	(39.46)	(21.14)	(31.69)
Present value of obligation at the end of the year	331.46	395.59	89.37	75.11

## (d) Sensitivity Analysis of the defined benefit obligation:

(₹ in Lac)

	Gratuity Unfunded		Leave Encashment Unfunded	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
a) Impact of the change in Discount rate				
Present Value of obligation as at the end of the year	331.46	395.59	75.11	75.11
i) Impact due to increase in 0.50%	-19.95	-21.83	-1.41	-1.17
ii) Impact due to decrease in 0.50%	24.29	26.49	1.52	1.26
b) Impact of the change in Salary				
Present Value of obligation as at the end of the year	395.59	395.59	75.11	75.11
i) Impact due to increase in 0.50%	23.48	24.81	1.53	1.27
ii) Impact due to decrease in 0.50%	-19.96	-21.31	-1.45	-1.20

## (e) Principal actuarial assumptions at the Balance Sheet Date

Method Used	Projected Unit Credit Method	
	2018-19	2017-18
Discount Rate	7.68%	7.72%
Expected rate of salary increase	5.50%	5.50%

Estimate of future salary increase takes into account inflation / seniority and other relevant factors.

- (f) Contribution to Provident Fund for the year 2018-19 amounting to ₹ 36.99 Lac (Previous year ₹ 21.22 Lac) is recognized in the Statement of Profit & Loss.

- 34.** Sales Tax / VAT deducted by the customers wherever Company has opted for composition scheme under VAT Act are recognized as expenses. Liability/ refund if any will be recognized in the year of assessment.
- 35.** In the opinion of the Management, the value of any of the assets other than fixed assets and non-current investments on realization in the ordinary course of business will not be less than the value at which they are stated in the Balance Sheet. The provision for all known liabilities is adequate and not in excess/short of the amount considered reasonable & necessary.

**Notes** continued  
forming part of the accounts

### 36. PAYMENT TO AUDITORS (EXCLUDING SERVICE TAX/GST)

(₹ in Lac)

Particulars	Current Year	Previous Year
Audit Fee	7.50	7.50
Tax Audit Fee	1.50	1.50

### 37. FOREIGN EXCHANGE VARIATION :

- (i) Foreign exchange loss capitalized during the year is ₹ NIL Lac (Previous year Foreign Exchange Capitalized ₹ NIL Lac)
- (ii) Foreign Exchange Gain /Loss recognized in Statement of Profit & loss is ₹ Nil ( Previous year Gain/Loss ₹ Nil )

### 38. DETAIL OF EXPENDITURE INCURRED IN FOREIGN CURRENCY IS GIVEN AS UNDER:

Interest on Term Loan ₹ NIL Lac (Previous year ₹ 94.21 Lac)

### 39. EARNING IN FOREIGN CURRENCY NIL (PREVIOUS YEAR NIL)

**40.** Employee Remuneration and Benefits includes remuneration paid to managing director and other directors amounting to ₹ Nil & ₹ 73.80 lac respectively (previous year ₹ NIL and ₹ 64.45 Lac)

### 41. CONTRACT EXPENSES INCLUDE COST OF MATERIALS PROVIDED BY THE CUSTOMERS.

### 42. PURCHASES ARE NET OF RETURNS.

## NOTE NO. 43: FINANCIAL INSTRUMENTS

### Financial instruments by category

- The management assessed that Fair Value of Cash & Cash Equivalents, Other Bank Balances, Trade Receivables, Other Current Financial Assets, Trade Payables, Short Term Borrowings, Long Term Floating Rate Loans and Other Current Financial Liabilities approximate their carrying amounts.
- The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- Considering above disclosure with regard to the Fair Value Hierarchy is not applicable.

## NOTE NO. 44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is Interest Rate risk.

The Company's principal financial liabilities comprise trade and other payables, security deposits, employee liabilities. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, Other Financial Assets and cash / cash equivalents that derive directly from its operations.

Company is exposed to a number of any financial risks arising from natural business exposures as well as its use of financial instruments including market risk relating to interest rate, foreign currency exchange rates. Senior management oversees the management of these risks with appropriate financial risk governance framework for the Company.

### A Market risk

Market risk is the risk where the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks. Financial instruments affected by market risk include loans and borrowings. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

## 1 Interest rate risk

The Company is also exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows of a financial instrument, principally financial debt. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, on floating rate borrowings is as follows:

Currency of Borrowings	Increase /Decrease in basis points	Effect on profit before tax (₹ in Lac)	Increase /Decrease in basis points	Effect on profit before tax (₹ in Lac)
	Mar, 2019		Mar, 2018	
INR	+50	97.35	+50	113.8
INR	-50	-97.35	-50	-113.8

## 2 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and Borrowings.

The Company manages its foreign currency risk through combination of natural hedge, mandatory hedging and hedging undertaken on occurrence of pre-determined triggers. The hedging is mostly undertaken through forward contracts.

The sensitivity to a reasonably possible change in EUR/INR exchange rates, with all other variables held constant, the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives.

Currency of Borrowings	Increase /Decrease in basis points	Effect on profit before tax (₹ in Lac)	Increase /Decrease in basis points	Effect on profit before tax (₹ in Lac)
	Mar, 2019		Mar, 2018	
Other Exposure - EUR	+5%	0	+5%	0
Other Exposure - EUR	-5%	0	-5%	0

## B Credit risk

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive analysis and outstanding customer receivables are regularly monitored.

### Ageing Analysis of Trade Receivables

Particulars	As 31 <sup>st</sup> March, 2019		As 31 <sup>st</sup> March, 2018	
	Upto Six Months	More than Six Months	Upto Six Months	More than Six Months
Secured			-	-
Unsecured	17,452.88	139.57	17,745.27	191.12
<b>Total</b>	<b>17,452.88</b>	<b>139.57</b>	<b>17,745.27</b>	<b>191.12</b>

### Liquidity risk

Company monitors its risk of a shortage of funds diligently. The Company seeks to manage its liquidity requirement by maintaining access to short term borrowings against FDRs.

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2019:

## Notes continued

forming part of the accounts

(₹ in Lac)

Particulars	Less than 1 year	1-2 years	2-4 years	More than 4 year	Total
Borrowings	20,392.55	390.00	845.93	3,082.85	24,711.33
Trade payables	10,586.97	-	-	-	10,586.97
Other financial liabilities	742.06	163.53	-	-	905.59
<b>Total</b>	<b>31,721.58</b>	<b>553.53</b>	<b>845.93</b>	<b>3,082.85</b>	<b>36,203.89</b>

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2018:

(₹ in Lac)

Particulars	Less than 1 year	1-2 years	2-4 years	More than 4 year	Total
Borrowings	24,454.66	277.93	600.88	3,482.53	28,816.00
Trade payables	10,163.28	-	-	-	10,163.28
Other financial liabilities	918.21	-	-	-	918.21
<b>Total</b>	<b>35,536.15</b>	<b>277.93</b>	<b>600.88</b>	<b>3,482.53</b>	<b>39,897.49</b>

### NOTE NO. 45 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using debt equity ratio, which is borrowings divided by Equity. The Company's endeavour is to keep the debt equity ratio around 1:1

(₹ in Lac)

Borrowings	Mar, 2019	Mar, 2018
Share Capital	24,711.33	28,816.00
Reserves and Surplus	5,670.90	5,670.90
<b>Equity</b>	<b>65,818.19</b>	<b>63,059.75</b>
	<b>71,489.09</b>	<b>68,730.65</b>
<b>Debt Equity Ratio</b>	<b>0.34 : 1</b>	<b>0.42 : 1</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

### NOTE NO. 46 REVENUE FROM CONTRACTS WITH CUSTOMERS (IND AS-115)

#### Significant changes in contract Assets and Liabilities :

##### a) Movement of Contract Liabilities -Engineering, Procurement and Construction (EPC)

(₹ in Lac)

Particulars	Note Ref.	March-2019 Current	March-2019 Non-Current
Opening balance of Contract liabilities	17	8,103.69	3,421.60
Add: Amount of Revenue Recognised Reversed on Transition			
Add: Net Addition in balance of contract liabilities for current year		27.96	-406.63
Closing balance of Contract liabilities	17	8,131.65	3,014.97

**b) Contract assets - Security deposit & Retention Money with Clients:**

Particulars	Note Ref.	March-2019	March-2019
		Current	Non-Current
Opening balance of Contract assets - Security deposit & Retention Money with Clients	4	17,355.60	802.21
Add: Amount of Discounting Reversed on Transition			
Add: Net Addition in balance of contract assets for current year		-772.43	-159.35
Closing Balance of Contract assets - Security deposit & Retention	4	16,583.17	642.86

**c) Disclosure pursuant to para 116(a) of Ind AS 115 Assets and Liabilities related to Contracts with Customers.**

(₹ in Lac)

Particulars	Note Ref.	March-2019 Current	March-2019 Non-Current	March-2018 Current	March-2018 Non-Current
Contract Assets Related to Sale of Service:					
Unbilled Revenue					
Trade Receivables	8	17,452.88		17,745.27	
Security Deposit & Retention Money	4	16,583.17	642.86	17,355.60	802.21
Contract Liabilities Related to Sale of Service:					
Revenue Received in Advance:					
- Project Management Consultancy (PMC)					
- Engineering, Procurement and Construction (EPC)	17	8,131.65	3,014.97	8,103.69	3,421.60

**d) Performance obligations and remaining performance obligations :**

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts as the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date. Remaining performance obligation estimates are subject to change and are affected by several factors, such as changes in the scope of contracts, periodic revalidations, terminations, adjustment for revenue that has not materialized as at the reporting date.

**47.** There are no significant subsequent events that would require adjustments or disclosures in the Financial Statements as on the Balance Sheet date.

**48.** All amounts in the financial statements are presented in Rupees in Lac. Figures of previous year have been re-grouped / re-arranged, wherever considered necessary.

**For KARMV & Company**

Chartered Accountants  
FRN No.-023022N

**CA Kailash Kumar**

Partner  
M No. 511322

Place of Signature : New Delhi  
Dated: 24/6/2019

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

**Pradeep Kumar Garg**  
Managing Director

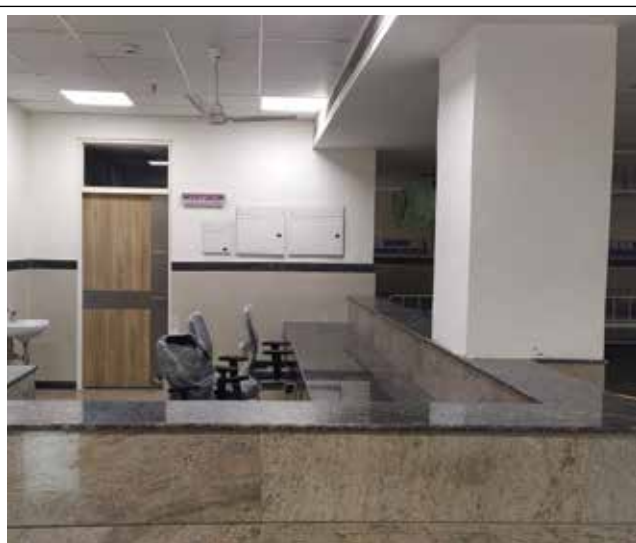
**Meenu Garg**  
Whole Time Director

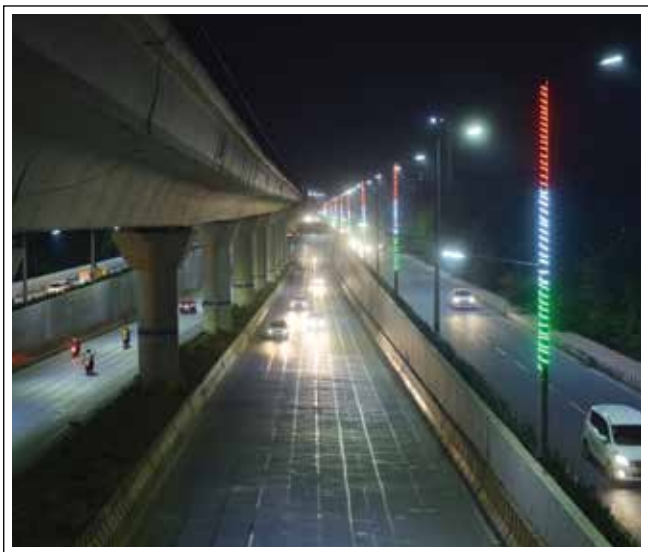
**Jitendra Kumar Saini**  
CFO

**Rakhi Singh**  
Company Secretary



## Our Projects







## Our Projects continued







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