



**WE BUILD  
FOR A BETTER INDIA**

ANNUAL REPORT 2020

NKG INFRASTRUCTURE LIMITED





## Contents

### CORPORATE OVERVIEW

NKG Infrastructure Overview	2
Our Business	3
At a Glance	4
Vision, Mission & Values	5
A look at our Market Drivers	6
Message from Managing Director	8
Board of Directors	10
Key Management	11
Key Performance Highlights	12
Corporate Information	13
Awards & Recognitions	14

### MANAGEMENT REPORTS

Management Discussion & Analysis	15
Corporate Governance Report	24
Directors' Report	26

### FINANCIAL STATEMENTS

Independent Auditor's Report	38
Balance Sheet	42
Statement of Profit and Loss	43
Cash Flow Statement	44
Statement of Changes In Equity	45
Corporate Information and Significant Accounting Policies	46
Notes To Financial Statements	48





# WE BUILD FOR A BETTER INDIA

Being at the forefront of infrastructure development in India, we have touched the lives of millions of people and created significant value for the country, by placing emphasis on sustainable development of smart cities and promoting access to essential services in the water, power and sanitation sectors.

Our three decades of experience has enabled us to serve our nation and its people. Starting as a road construction company, we have transformed into a multi-disciplinary infrastructure development company of a sizeable scale. Our efforts have made us a Grade A contractor, servicing a comprehensive stream of projects - from EPC to the BOT model. Besides the areas of construction and commissioning, we have also integrated our strength in engineering, process technology, project management, and resource management. This has helped us to execute projects that set new benchmarks in terms of modern construction and time management.

While we maintain our focus on strategies to ensure business continuity, our foremost concern remains the health, safety, and wellbeing of our people and the neighbourhoods we operate in. It is their relentless commitment to the company in these testing times that is making all the difference. As a responsible company, we have fully complied to government guidelines to ensure a safe and hygienic environment for all of us. As a socially conscious organisation, we believe that our responsibility towards society is more crucial than ever today.

We are optimistic that, together, we will see through this crisis with strong contributions from all sections of our society. Since the very beginning, our journey as a company, to become a leading infrastructure company of the country, was built on persistence and grit. Going forward, we intend to play an uninterrupted pivotal role in establishing India's infrastructure sector, while continuing to deliver sustainable value to our stakeholders.

As we remain undaunted by recent events, we are inspired and humbled by the way our people have stood up to this challenge and their preparedness for the journey forward - with versatility, strength, and a caring heart.

# NKG INFRASTRUCTURE OVERVIEW

Driven by technology and focused on sustainable, holistic growth, NKG Infrastructure has emerged as a ₹1,100 crore company with a distinct ability and track record in developing socio-economic infrastructure for rural and semi-urban geographies.

We are engaged in core, high-impact sectors of the economy, addressing critical requirements of the infrastructure development in the country. 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 wastewater/ effluent treatment plants, medical colleges, hospitals and airports, amongst others.

For over three decades, we have progressively honed our technical expertise and execution capabilities to provide contemporary world-class infrastructure in metropolitan and Tier I cities. We continue to deliver with a robust customer-focused and world-class quality approach to strengthen our leadership position in crucial segments of the infrastructure sector.

Established on the cornerstone of ethics, we put credibility ahead of other business considerations. We are one of the fastest-growing infrastructure companies in India, with a presence in 17 states. With a professional DNA, high standards of efficiency and corporate governance, we continue to evolve by seeking innovative ways of engineering to meet new challenges.





# OUR BUSINESS

We started our journey with road construction, and over the years we have thoughtfully diversified our solution mix with the inclusion of various sub-sectors that have helped us to shield ourselves from the impact of the evolving market dynamics.



## BUILDINGS

Construction of Academic cum Administrative Buildings, Residential Buildings, Auditoriums, Community Centres, Guest Houses, Commercial Buildings, Medical Colleges, Hospitals, Hostels etc.



## BRIDGES

Bridges, including underpasses



## ROADS

Construction of Four Lane bypass, national highway, expressway



## POWER

Underground power distribution systems, substations



## WATER WORKS

Sewage treatment plants



## SUSTAINABLE ENERGY

Solar power plants

# AT A GLANCE

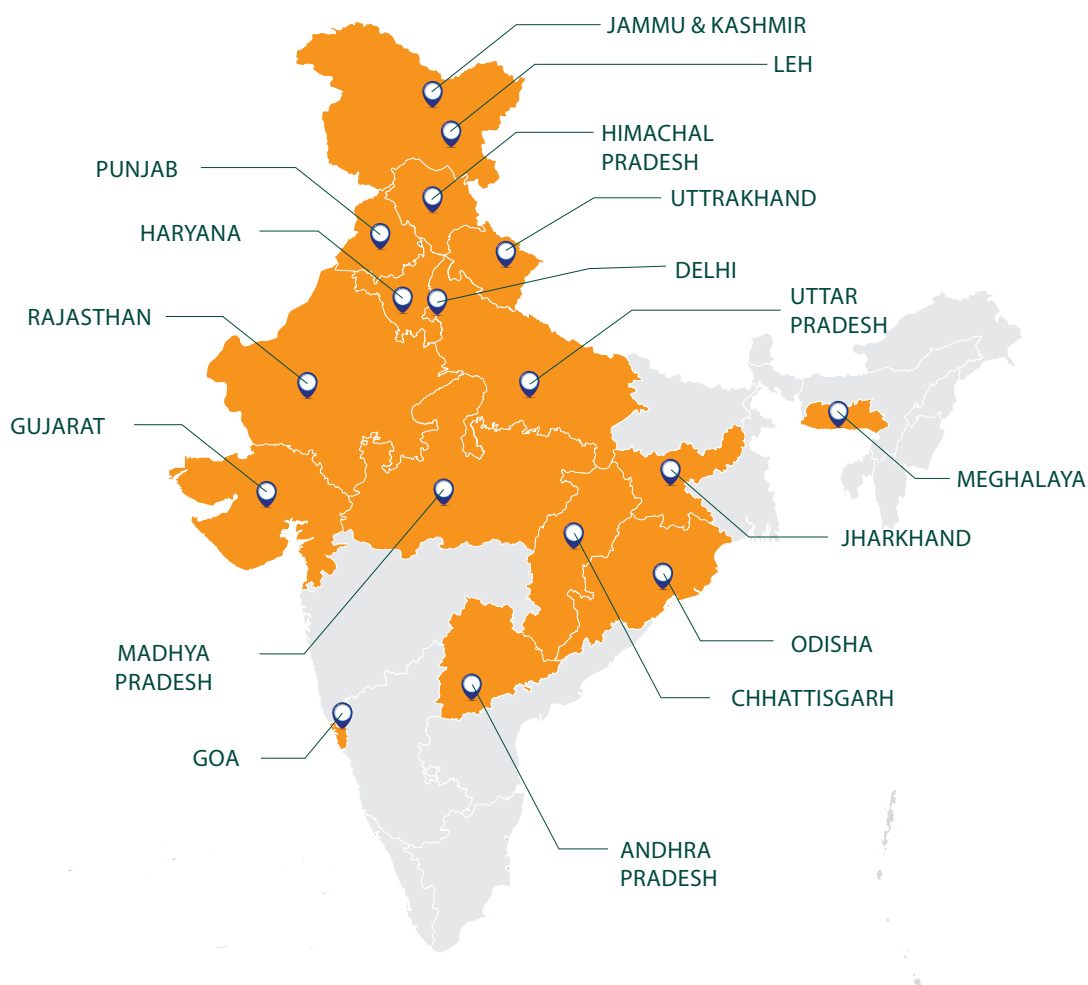
For over 30 years, NKG Infrastructure, one of India's largest privately-owned construction companies, has been a significant contributor towards a variety of infrastructure development endeavours. Over the tenure of our business, we have fared exceptionally well on the back of strong cost control, robust execution and uncompromising quality.

Today, we have a strong presence in over 17 states, with more than 1,200 employees, and 350 professionals. With a distinct track record in successfully developing contemporary world-class infrastructure in metropolitan & Tier I cities, we have also engaged in socio-economic infrastructure projects in rural & semi-urban geographies.

₹1,11,652 lakhs  
Total Income

₹6.39  
Diluted Earnings per Share

₹3,622 lakhs  
Profit After Tax





# VISION, MISSION & VALUES

The vision, mission, and values statements form the foundation for all our activities and describes our future strategy.



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



- 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 the 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.
- 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 the infrastructure sector to move towards well-planned facilities across India.



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

## Our External Environment

# A LOOK AT OUR MARKET DRIVERS

India today is at a strategic inflexion point of greater economic prosperity and unprecedented economic boom. India's journey on the path of economic reform has transformed it into one of the world's fastest-growing economies. Infrastructure has been one of the cornerstones of the country's development, with exponential growth over the past decade.

The recent trend and pattern of Indian infrastructure sector are characterised by high budgetary allocation for the sector, rising infrastructure deals, increasing private sector investment, improvement in logistics and rising FDI in the sector.



### DEMOGRAPHICS

India's population growth and economic development are driving growth in transport infrastructure, including through investments in roads, railways, and aviation, shipping and inland waterways. Rural to urban migration and a growing middle class will drive up infrastructure needs as more pressure is placed on public transport infrastructure and more cars go on the road. Each year, about 10 million people move from rural areas to towns and cities. This rural migration, combined with urban population growth, means India adds an urban population equivalent to three Los Angeles each year.

#### WHAT IT MEANS FOR NKG INFRASTRUCTURE

As the economy develops, the standard of living of people increases, and so does the demand for having a more comfortable lifestyle. This opens up doors to various opportunities for NKG Infrastructure, in terms of developing quality infrastructure development projects, fulfilling the needs of the public at large.



### PUBLIC-PRIVATE PARTNERSHIPS

The private sector is emerging as a key player across various infrastructure segments, ranging from roads and communications to power and airports. Private investment into physical and social infrastructure is key to putting India in a high growth trajectory which will make it a US\$ 5 trillion economy by 2024-25. Yearly private equity and venture capital investment in India are expected to surpass US\$ 65 billion in 2025. The government's push towards infrastructure projects is expected to boost capital expenditure by 1.9 per cent of GDP by 2022-23. Development of infrastructure through PPPs (public-private partnership) helps in economic growth and development, creates jobs, provides opportunities for private sector participation, and improves living conditions.

#### WHAT IT MEANS FOR NKG INFRASTRUCTURE

PPP is a mode of implementing government programmes/schemes in partnership with the private sector. It provides us with an opportunity to participate in financing, designing, construction, operation and maintenance of public sector programme and projects.



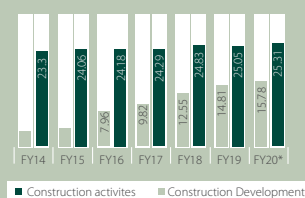
### INTERNATIONAL INVESTMENTS

FDI received in construction development sector (townships, housing, built-up infrastructure and construction development projects) and construction (infrastructure) activities stood at US\$ 25.31 billion and US\$ 15.78 billion, respectively from April 2000 to September 2019. Moreover, in the Union Budget 2020-21, one of the most significant announcements for the infrastructure sector was the 100% tax exemption granted to sovereign wealth funds of foreign governments in respect of their interest, dividend and capital gains income from investments made in infrastructure and other notified sectors before March 21, 2024.

#### WHAT IT MEANS FOR NKG INFRASTRUCTURE

The Indian government is trying to make financing available for infrastructure projects. One is the creation of the National Investment and Infrastructure Fund with investors such as the Abu Dhabi Investment Authority, Temasek of Singapore and the HDFC Group. Such Investment fund lets us participate in government projects and help in building the nation.

**FDI inflows in infrastructure**  
April 2000 - September 2019  
(US\$ billion)







## HOUSING DEVELOPMENT

In Budget 2017-18, affordable housing was given infrastructure status. "Housing for All" programme, launched in June 2015 aims to build 20 million urban homes and 30 million rural houses by 2022. Between 2011-18, seven major Indian cities have witnessed increased affordability in the housing segment. Households in India are currently most affordable in nearly two decades with a mortgage payment on a ₹ 3 million (US\$ 46,547) house at 22 per cent of average post-tax income. As per Union Budget 2019-20, the government has finalised the model tendency law for the promotion of rental housing.

### WHAT IT MEANS FOR NKG INFRASTRUCTURE

The increasing affordability of houses in major cities in India has led to an increase in demand in our prime locations such as Delhi, Haryana, Noida. This has enabled us to move towards opportunities in building school, colleges and various other infrastructural needs. NKG Infrastructure's participation in this will give the company ample opportunity for growth.



## INFRASTRUCTURE NEEDS

With every sixth urban person globally being an Indian, the real estate and construction sector holds significant opportunity for both global and domestic companies engaged across the value chain. India will need to construct 43,000 houses every day until 2022 to achieve the vision of Housing for All by 2022. Hundreds of new cities need to be developed over the next decade. This has the potential for catapulting India to 3rd largest construction market globally. The sector is expected to contribute 15 per cent to the Indian economy by 2030. The recent policy reforms such as the Real Estate Act, GST, REITs, steps to reduce approval delays are only going to strengthen the real estate and construction sector.

### WHAT IT MEANS FOR NKG INFRASTRUCTURE

As India's urban infrastructure lags behind economically comparable nations, it provides us with an opportunity to upgrade existing, and create new infrastructure developments across the country with the help of government initiatives and investments.



## GOVERNMENT INITIATIVES

The Union Budget announcements of 2020-21 by Finance Minister Mrs Nirmala Sitharaman seem to provide impetus to enable further development of transport infrastructure in the coming year. The budget also stresses on resource mobilisation through private sector participation and asset monetisation. The Budget speech re-iterated that transport infrastructure investment and development forms part of the main set of priorities of the government, with a total outlay of ₹ 1,69,637 crores for 2020-21. In addition to providing reasonable budgetary allocations, the budget also tried to address the financing issues being faced by the sector by announcing ₹ 22,000 crores in equity support to Infrastructure Finance Companies.

### WHAT IT MEANS FOR NKG INFRASTRUCTURE

With strong policy support like 'Housing for All' and 'Smart Cities Mission', the Government of India is working on reducing bottlenecks by pushing growth in the infrastructure sector. This creates opportunities for NKG Infrastructure to get more projects and expand its reach across India.

# MESSAGE FROM MANAGING DIRECTOR



We believe that our strong leadership capabilities, our extensive business portfolio, our exposure to longterm sustainable trends and our focus on risk mitigation will offer a significant degree of protection to our stakeholders and create long-term sustainable returns.

**Pradeep Kumar Garg**



Dear Shareholders,

I am addressing you at a time when the nation is grappling with a global pandemic, while simultaneously gearing itself for a phased reopening of the economy, and preparing for life beyond Covid-19. Further, simmering tensions along our northern border have precipitated an anti-China sentiment within the country. The world too is witnessing a growing groundswell of opinion against China and seeking viable alternative sources of supply. I believe this is the opportune moment for the Government of India and the Indian industry to act in unison to minimise our external dependencies and enhance self-reliance.

Our Hon'ble Prime Minister's call for 'Aatma Nirbhar Bharat' has resonated across the country. To ensure that the PM's thrust on self-dependence achieves the desired outcomes swiftly, it is essential for the government to introduce much-needed reforms in several areas including Land Acquisition, Competency & Skill Building. In tandem, the administration would do well to streamline processes and accelerate the pace of decision making. We are confident that if these measures are adopted and if the nation remains united, our determination and resolve will enable us to overcome the challenges ahead. We, as always, stand by the country and its leadership in this hour of need. Right from the onset of the pandemic, we adopted stringent safety measures to ensure the safety and wellbeing of our people and stakeholders. As a good corporate citizen with a social conscience, we responded to the humanitarian crisis caused by the virus with monetary and material assistance.

Towards this end, I am pleased to share with you our performance for the FY2020.

## 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 FY2020, we recorded 9.83% drop in our revenue from operations, from ₹ 1,23,033.24 lakhs in FY2019 to ₹ 1,10,944.52 lakhs in FY2020. Our profitability has also been partly under pressure, despite which we manage to close FY2020 with EBT of ₹ 4,440.58 lakhs representing growth of 13.36 % over FY2019. In spite of growth in the current financial year, we are becoming more confident about our growth goals in medium to long term on the back of operational and financial strategies.

The COVID-19 pandemic is affecting most businesses across the world, and its ultimate impact on us, and our portfolio will only be fully understood over time. However, we believe that our strong leadership capabilities, our extensive business portfolio, our exposure to long-term sustainable trends and our focus on risk mitigation will offer a significant degree of protection to our stakeholders and create long-term sustainable returns.

## OUR WAY FORWARD

The COVID-19 pandemic and its fallout make it difficult to forecast the future with any degree of certainty. While we are hopeful that the 2nd half of FY 2021 will herald better economic and business activity in terms of tendering, good liquidity and revival of labour and supply chains, it would be premature to predict our business outcomes for FY2021. We are putting in enormous efforts to mitigate the impact of the pandemic and register enhanced performance.

At this point in time, we see prospects in the areas of Government buildings, data centres, healthcare infra, airports, metro railways, water projects including wastewater treatment and irrigation, hydel projects, expressways as well as onshore and offshore hydrocarbon projects. We are uncertain, however, of the timelines when these projects will take off.

We are all passing through a crisis of unprecedented magnitude, and I would like to thank our people as well as our customers, vendors and other stakeholders for the confidence and trust they have reposed in us. I also thank my fellow Board Members for their invaluable support in guiding us and enabling another year of growth.

Sincerely yours,  
**Pradeep Kumar Garg**

# BOARD OF DIRECTORS



**MR. PRADEEP KUMAR GARG**

Managing Director

Law graduate and Chartered Accountant, with over 30 years of rich experience, and under his guidance the Company has grown exponentially in the past 11 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

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 13 years. She is on the Board of the Company since August 2015.



**MR. ASHUTOSH GUPTA**

Whole Time Director

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



**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.



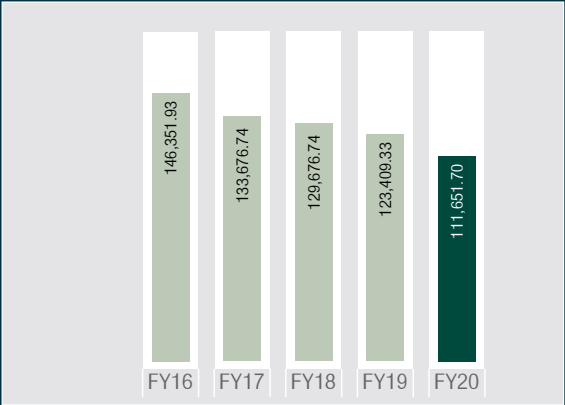
**MR. FA KHAN**

Senior Executive

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

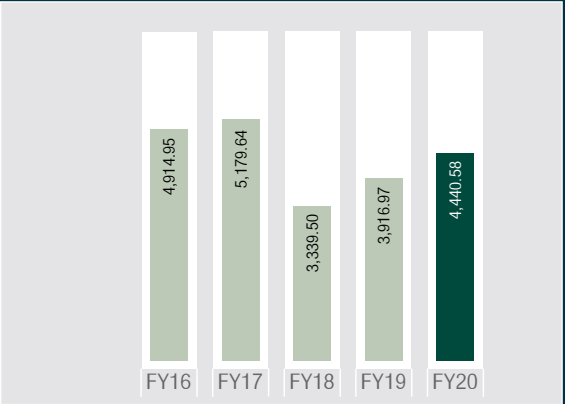
# KEY PERFORMANCE HIGHLIGHTS

Total Income (₹ in lakhs)

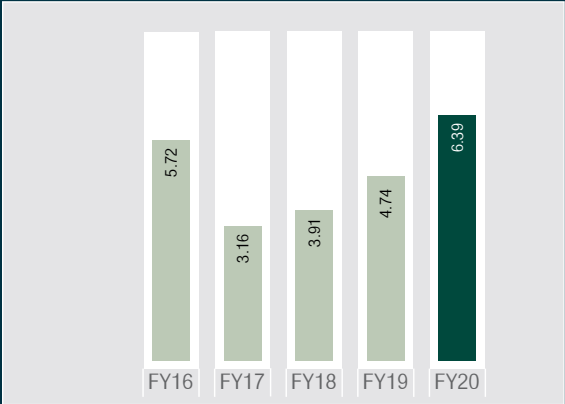


Our profitable growth will only be sustainable if it is accompanied by a solid extra-financial performance. For this reason, we employ an integrated approach, which tracks our financial progress, our human resources, our environmental impact, and our efforts to promote inclusion in the communities where we operate.

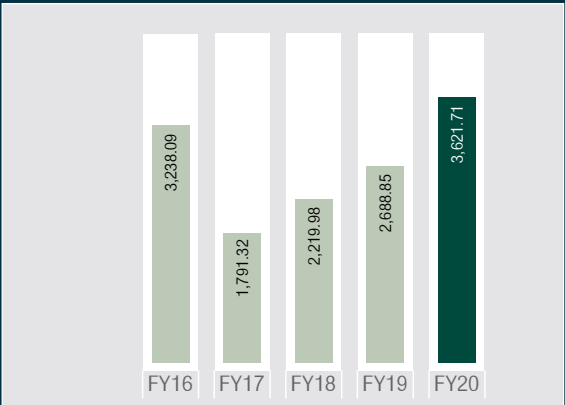
Profit Before Tax (₹ in lakhs)



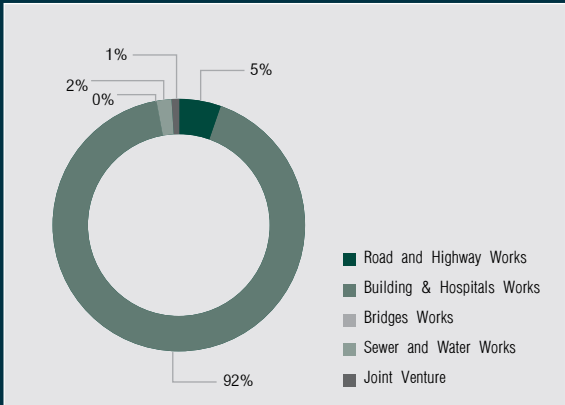
Diluted Earning per Share (₹)



Profit After Tax (₹ in lakhs)



Segment Wise Orderbook



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### MR. PRADEEP KUMAR GARG

Managing Director

### MS. MEENU GARG

Whole Time Director

### MR. ASHUTOSH GUPTA

Whole Time Director

### MR. SARAVJEET SINGH CHAWLA

Independent Director

### MR. RAMANAND SHARMA

Non- Executive Director

## CHIEF FINANCIAL OFFICER

### MR. JITENDRA KUMAR SAINI

## COMPANY SECRETARY

### MS. 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 Appartment  
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



To view  
Annual Report 2020 Online,  
visit: [www.nkginfra.com](http://www.nkginfra.com)



# AWARDS & RECOGNITION

NKG Infrastructure's pioneering minds enable the delivery of the most favourable solutions to a widespread client base. The awards and recognitions we receive bear testimony to our commitment to this endeavour.



## CUSTOMER ACCREDITATION

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



## ACCREDITATION OF ISO 9001:2015



## 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.



## ACCREDITATION OF ISO 14001:2015



## 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.



## A GRADE CONTRACTOR

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



## ACCREDITATION OF OHSAS 18001:2007

Being at the forefront of infrastructure development in India, we have touched the lives of millions of people and created significant value for the country, by placing emphasis on sustainable development of smart cities and promoting access to essential services in the water, power and sanitation sectors.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC OVERVIEW GLOBAL

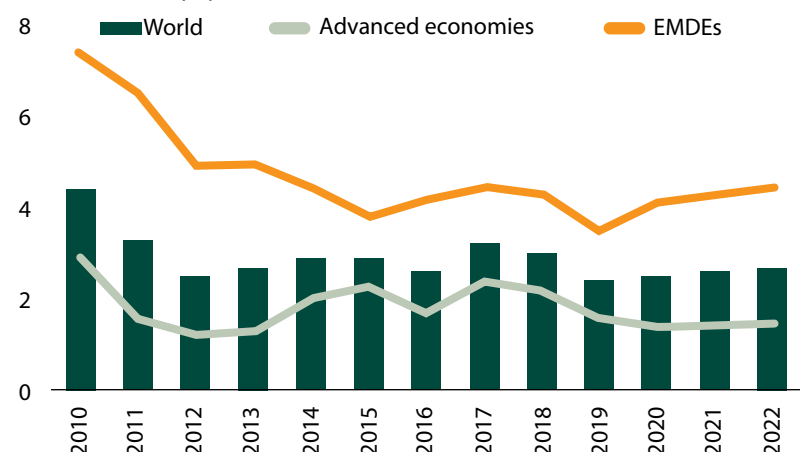
As per the Global Economic Prospects by World Bank (January 2020), global growth in 2019 decelerated to 2.4% amidst weakening trade and investment, impacting both, Advanced and Emerging Market & Developing Economies (EMDEs).

Following a year of weak trade and investment, economic growth is positioned for a modest rebound in 2020 and is estimated to rise by 2.5% as trade and investments recover gradually. The growth rate can be more substantial if reduced trade tensions lead to a sustained reduction in uncertainty. Moreover, growth in EMDEs is also expected to be subdued.<sup>1</sup>

On the positive side, market sentiment has been boosted by tentative signs that manufacturing activity and global trade are bottoming out, a broad-based shift

toward accommodative monetary policy, intermittent favourable news on US-China trade negotiations, and diminished fears of a no-deal Brexit, leading to some retreat from the risk-off environment that had set in at the time of the October WEO. However, only a few signs for positive turning points are visible in global macroeconomic data.<sup>2</sup>

#### Global Growth(%)



Source: World Bank

Note: EMDEs - Emerging Market and Developing Economies.

Shaded area indicates forecasts. Data for 2019 are estimates.

<sup>1</sup> Global Economic Prospects by World Bank (January 2020)

<sup>2</sup> International Monetary Fund - World Economic Outlook - January 2020

## Management Discussion and Analysis

### PANDEMIC CRISIS<sup>3</sup>

The Coronavirus (COVID-19) outbreak has already brought economic disruption. Output contractions in China are being felt around the world, reflecting the key and the rising role China has in global supply chains, travel and commodity markets. Subsequent outbreaks in other economies have had similar effects, resulting in highly uncertain growth prospects.

In broad terms, the COVID-19 pandemic represents both a shock to demand, as people adjust their behaviour to reduce the risk of exposure to the virus; and a shock to supply, as the effect of factory closures reduces the productive capacity of the world economy. Both imply a period of weaker economic activity, leading to a temporary contraction in the worst-affected countries.

On the assumption that the epidemic peaks in China in the first quarter of 2020 and outbreaks in other countries prove mild and contained, global growth could be lowered by around half a percentage point this year. Accordingly, as per the OECD Economic Outlook (March 2020) and based on the above assumption, the annual global GDP growth is projected to drop to 2.4% in 2020 from an already weak 2.9% in 2019, with growth possibly even being negative in the first quarter of 2020.

Prospects for China have been revised markedly, with growth slipping below 5% this year, before recovering to over 6% in 2021, as output returns gradually to the levels projected before the outbreak.

As per the UN 'Economic and Social Survey of Asia and the Pacific (ESCAP) 2020, India's GDP growth for the current fiscal 2020-21 is expected to slow down to 4.8% from 5% in 2019-20, as the COVID-19 pandemic is expected to result in significant adverse economic impacts globally.

The adverse impact on confidence, financial markets, the travel sector and disruption to supply chains contributes to the downward revisions in all G20 economies in 2020, particularly ones strongly interconnected to China, such as Japan, Korea and Australia.

A longer-lasting and more intensive coronavirus outbreak, spreading widely throughout the Asia Pacific region, Europe and North America, would weaken prospects considerably. In this event, global growth could drop to 1.5% in 2020, half the rate projected prior to the virus outbreak.

### INDIA

India has been among the fastest-growing economies in the world, lifting millions out of poverty. Moreover, according to the data in the IMF's World Economic Outlook – October 2019, India has risen to become the world's fifth-largest economy, when ranked by nominal GDP. However, in the first half of 2019, a combination of factors led to subdued economic growth in India.<sup>4</sup>

The World Bank in its Global Economic Prospects (January 2020 edition) projects that the growth of the Indian economy is to decelerate to 4.8% in FY2019-20 amid enduring financial sector issues. Key

risks to the outlook include a slowdown in major economies, re-escalation of regional geopolitical tensions, and a setback in reforms to address impaired balance sheets in the financial and corporate sectors.<sup>5</sup> However, growth is expected to improve to 5.8% in 2020 and 6.5% in 2021, supported by the monetary and fiscal stimulus as well as subdued oil prices.<sup>6</sup>

Headline inflation averaged 3.4% in FY18-19. Successive normal monsoon rainfall, agriculture sector reforms, and food management improvements pushed down food prices. After falling to 2% (y/y) in January, headline inflation rose to 3.2% in August but remains below the medium-term target band mid-point for headline inflation of the Reserve Bank of India (RBI, 4% CPI inflation  $\pm$  2%).<sup>7</sup>

Monetary policy and broad-based structural reforms should be used to address cyclical weakness and strengthen confidence. A credible fiscal consolidation path is needed to bring down India's elevated public debt over the medium term. This should be supported by subsidy-spending rationalisation and tax-base enhancing measures.<sup>8</sup>

<sup>3</sup> OECD Economic Outlook – Interim Report March 2020





Governance of public sector banks and the efficiency of their credit allocation needs strengthening, and the public sector's role in the financial system needs to be reduced. Reforms to hiring and dismissal regulations would help incentivise job creation and absorb the country's large demographic dividend. Land reforms should also be enhanced to encourage and expedite infrastructure development.<sup>9</sup>

### PANDEMIC IMPACT <sup>10</sup>

According to the latest OECD Interim Economic Outlook Forecasts, India's real GDP growth is expected at 5.1% during the fiscal year starting April 1, 2020, and improve to 5.6% in the following year. The latest projection for 2020-21 is 1.1 percentage point lower than the November 2019 forecast.

Concerns of the impact of deadly coronavirus on the domestic as well as the global economy have an adverse impact on confidence, financial markets, the travel sector and disruption to supply chains contribute to the downward revisions in all G20 economies in 2020, particularly ones strongly interconnected to China. (India is a member of G20, a grouping of developed and developing economies.

As per KPMG Report 'Potential impact of COVID-19 on the Indian Economy', the Indian businesses, barring few sectors, can possibly insulate themselves from the global supply chain disruption caused by the outbreak due to relatively lower reliance on intermediate imports. However, their exports to COVID-19 infected nations could take a hit.

According to the report, three scenarios are used to explain the effect of the pandemic. Scenario one is quick reaction across the globe including India, two is significant global recession and impact of the same on India, and three is COVID-19 proliferates within India and lockdown gets extended along with the global recession.

Based on the above, India's growth for 2020-21 is expected to be in the range of 5.3%-5.7% in case of scenario one, 4%-4.5% in scenario two and below 3% in scenario three.

## INDIAN INFRASTRUCTURE SECTOR

India's infrastructure sector story in the past decade has been a roller coaster

ride. The sector initially witnessed large investments across each of its sub-segments aided by the economy, which was growing at a high rate. The share of the private sector has increased steadily over the years, with enabling policy and regulatory environments being put in most segments.

However, over the last few years, the infrastructure sector has been going through a troubling phase due to an economic slowdown, restricted access to capital, and a decline in investors' confidence. While the specific reasons for this have differed across each sub-sector, they have included slow government decision-making, challenges in land acquisition, delays in obtaining environmental clearances, overly aggressive bidding by developers, high-interest rates, and underestimating the challenges to be faced in execution.

India's government, armed with a decisive mandate, has initiated several measures to kick start investment. This has significantly improved investor sentiment, reflected in the increasing market value of infrastructure companies and a significant number of M&A



4 IMF – World Economic Outlook – January 2020

5 World Bank – Global Economic Prospects – January 2020

6 IMF – World Economic Outlook – January 2020

7 IMF – December 2019 ARTICLE IV consultation - press release

8 PHD Chamber of Commerce and Industry - Review of IMF's World Economic Outlook

9 PHD Chamber of Commerce and Industry - Review of IMF's World Economic Outlook

10 OECD Economic Outlook – Interim Report March 2020

## Management Discussion and Analysis

transactions that have been closed by strategic and financial investors, domestic and international.<sup>11</sup>

### PANDEMIC IMPACT

As most infrastructure companies make the bulk of their annual sales and new orders in the fourth quarter of a fiscal year. The pandemic and the subsequent nationwide lockdown in the country further added to the woes of these companies that have already been facing growth challenges.

The infrastructure sector, which was already buckling under immense stress, has been among the worst-hit; with stoppages in toll collections, discoms struggling to pay gencos, and the complete shut down of air travel hitting airport operators. The dramatic fall in demand across most infrastructure segments has further compounded the sector's woes.

### GOVERNMENT INITIATIVES<sup>12</sup>

The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport.

The Government of India is taking every possible initiative to boost the infrastructure sector. Here are some positive Announcements in Union Budget 2019-20:

- India plans to spend US\$ 1.4 trillion on infrastructure in the next five years.
- NHAI will be able to generate revenue of ₹ 1 lakh crore (US\$ 14.31 billion) from toll and wayside amenities over the next five years.
- Government of India has given a massive push to the infrastructure sector by allocating ₹ 4.56 lakh crore (US\$ 63.20 billion) for the sector.
- Communication sector allocated ₹ 38,637.46 crore (US\$ 5.36 billion) to the development of post and telecommunications departments.
- The Indian Railways received allocation under Union Budget 2019-20 at ₹ 66.77 billion (US\$ 9.25 billion). Out of this allocation, ₹ 64.587 billion (US\$ 8.95 billion) is capital expenditure.

- ₹ 83,015.97 crore (US\$ 11.51 billion) allocated towards road transport and highway.
- ₹ 3,899.9 crore (US\$ 540.53 billion) to increase the capacity of Green Energy Corridor Project along with wind and solar power projects.
- Allocation of ₹ 8,350.00 crore (US\$ 1.16 billion) to boost telecom infrastructure.
- Water supply to be provided to all households in 500 cities.
- Allocation of ₹ 888.00 crore (US\$ 110.88 million) for the upgradation of state government medical colleges (PG seats) at the district hospitals and ₹ 1,361.00 crore (US\$ 188.63 million) for government medical colleges (UG seats) and government health institutions.

### SECTOR OVERVIEW CONSTRUCTION AND REAL ESTATE

The Construction industry in India consists of the Real estate as well as the Urban development segment. The Real estate segment covers residential, office, retail, hotels and leisure parks, among others. While Urban development segment broadly consists of sub-segments such as Water supply, Sanitation, Urban transport, Schools, and Healthcare. 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 major ports (5.3%). The Construction industry in value terms is expected to record a CAGR of 15.7% to reach US\$738.5 bn by 2022. By

2025, the Construction market in India is expected to emerge as the third-largest globally and is expected to grow on average by 7.1% each year.<sup>13</sup>

### ROADS & BRIDGES

India has the one of largest road network across the world, spanning over a total of 5.8 million km. This road network transports 64.5% of all goods in the country, and 90% of India's total passenger traffic uses road network to commute. Road transportation has gradually increased over the years with the improvement in connectivity between cities, towns and villages in the country. The construction of highways reached 9,829 km during FY2018 which was constructed at an average of 26.93 km per day. The Government of India has set a target for construction of 10,000 km national highway in FY2019. The length of national highways constructed reached 6,715 km at a pace of 24.42 km per day between April-December 2018. As of March 01, 2019, the total length of National Highways in India stood at 132,499 km. The total length of roads constructed under Prime Minister's Gram Sadak Yojana (PMGSY) was 47,447 km in 2017-18. Huge investments have been made in the sector with total investment increased more than three times from ₹ 51,914 crore (US\$ 7.43 billion) in 2014-15 to ₹ 158,839 crore (US\$ 22.73 billion) in 2018-19.<sup>14</sup>

### WATERWORKS

In 2020 Union Budget, Finance Minister Nirmala Sitharaman said that the Jal Jeevan mission to provide piped water supply to rural households would get a budget of ₹ 11,500 crore in the year

The infrastructure sector, which was already buckling under immense stress, has been among the worst-hit; with stoppages in toll collections, discoms struggling to pay gencos, and the complete shut down of air travel hitting airport operators.

11 KPMG Infrastructure Report

12 IBEF - Infrastructure Sector in India - Dec 2019

2020-21. This allocation will be part of the ₹ 3.6 lakh crore mission, which aims to achieve its goal by the year 2024. India has an estimated 14 crore households that do not currently have a water supply. The budget for Jal Jeevan mission budget will focus on augmenting local water resources, desalination, water harvesting, and renewing older water sources in rural areas, Sitharaman said during her speech in Parliament earlier this morning.<sup>15</sup>

## POWER

The Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained 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 manpower). Wind energy is estimated to contribute 60 GW, followed by solar power at 100 GW by 2022 and 15GW from biomass and hydropower. The target for renewable energy has been increased to 175 GW by 2022. The total installed capacity of power stations in India stood at 364.96 Gigawatt (GW) as of October 2019. Electricity production reached 658.55 BU in FY20 (As of September 19). 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 power through solar rooftop projects by 2022. Coal-based power generation capacity in India, which currently stands at 229.40 (As of October 2019) GW is expected to reach 330-441 GW by 2040. India could become the world's first country to use LEDs for all lighting needs by 2019, thereby saving ₹ 40,000 crore (US\$ 6.23 billion) on an annual basis. All the states and union territories of India are on board to fulfil the Government of India's vision

of ensuring 24x7 affordable and quality power for all by March 2019, as per the Ministry of Power and New & Renewable Energy, Government of India.<sup>16</sup>

## SUSTAINABLE ENERGY

The installed renewable power generation capacity has increased at a fast pace, posting a CAGR of 19.78% between FY2014-18. 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. As a part of its Paris Agreement commitments, the Government of India has set an ambitious target of achieving 175 GW of renewable energy capacity by 2022. These include 100 GW of solar capacity addition and 60 GW of wind power capacity. Government plans to establish a renewable energy capacity of 500 GW by 2030. As of October 31, 2019, the installed renewable energy capacity is 83.37 GW, of which solar and wind comprise 31.7 GW and 37 GW respectively. Biomass and small hydropower constitute 9.80 GW and 4.6 GW, respectively. Off-grid renewable power capacity has also increased. As of October 2019, generation capacities for Waste to Energy, Biomass Gasifiers stood at 139.80 MW and 9,806.31 MW, respectively. According to data released by the Department for Promotion of Industry and Internal Trade (DPIIT), FDI inflows in the Indian non-conventional energy sector between April 2000 and June 2019 stood at US\$ 8.06 billion, and more than US\$ 42 billion has been invested in India's renewable energy

sector since 2014. New investments in clean energy in the country reached US\$ 11.1 billion in 2018.<sup>17</sup>

## COMPANY OVERVIEW

NKG Infrastructure Limited is one of the fastest-growing Infrastructure Construction companies in India. With 30 years of experience in the Industry, NKG has completed over 500 infrastructure projects in India in 17 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 17 states, with more than 1,200 employees, and more than 350 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 of India.

## BUSINESS MODEL

A business model defines the way the company operates. NKG Infrastructure has five business processes that add value to our business.

1. Budget and Contract Planning: This entails the creation of a budget based on materials and sub-contractor prices, along with our price constraints on past data. Contract planning includes resource allocation, constant monitoring of contract work, construction timelines, contract re-planning, monitoring the CAPEX.

With 30 years of experience in the Industry, NKG Infrastructure Limited is one of the fastest growing infrastructure construction companies in India and has completed over 500 infrastructure projects in 17 different states across many sectors.

<sup>13</sup> Invest India – Construction Sector – 2020

<sup>14</sup> IBEF - Road Infrastructure in India – November 2019

<sup>15</sup> Indian Union Budget 2020

<sup>16</sup> IBEF – Power Sector in India – Dec 2019

<sup>17</sup> IBEF – Renewable Sector – Dec 2019



## Management Discussion and Analysis

2. **Design Thinking:** This thinking process includes analysing, seeing patterns and making new connections in processes, tools, systems and data, and then using that information to innovate the design for our projects.
3. **Material Acquisition & Construction:** This entails budgeting, negotiation, acquisition of materials necessary to perform the civil infrastructure works and actual creation of earthworks, sewer systems, roads, streets, etc. to facilitate the construction.
4. **Production Control & Maintenance:** This involves the verification of services completed (quality, completion and conformity to project).

### OPERATIONAL PROJECTS

Being listed as an 'A Grade' contractor with multiple Government Departments, State Governments and Civic Agencies as clients, the Company has a high success rate of selection at the prequalification stage of projects. NKG has expanded its presence over the 30 years to some central parts of India, such as Gujarat, Madhya Pradesh and Rajasthan. Besides

its recent foray into renewable (solar) power plant construction and operation, the Company is also working towards 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 the road construction business, it has thoughtfully diversified its product mix with the inclusion of projects beyond roads and bridges. It 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.

The Company's main business is construction activities and generation of solar electricity. Our construction activities includes supply of construction material whereas we at NKG broadly deals with bridges, roads, power, water works and sustainable energy.

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.

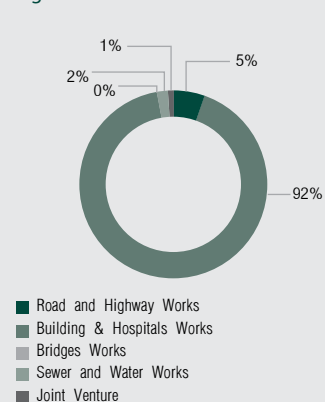
### OUR DIVERSIFIED REVENUE STREAMS

Through the delivery of strategic construction projects, the Company has actively diversified its revenue streams to adding recurring revenue-generating assets to its portfolio, over and above the one-time revenues, it has generated in the past. NKG's foray into power generation began with one solar power plant in Gujarat (owned, built and operated by NKG) and has since proven to be a stepping stone for this strategy. With such Build & Operate projects, NKG aims to add continuity to its revenue generation, thereby maintaining a healthy cash flow position.





Segment Wise Orderbook



## OUR DIVERSIFIED GEOGRAPHICAL PRESENCE

For the past 30 years, NKG's operations were largely concentrated in North India, Uttar Pradesh & National Capital Region (NCR). To minimise the impact of any probable political, economic and demographic uncertainties at the regional level, NKG has expanded its presence in Central and West India namely Rajasthan, Gujarat and Madhya Pradesh. With its operations being spread over larger geography, NKG was able to reduce its revenue skew the impact of fewer locations.

## FINANCIAL PERFORMANCE

(₹ in lakhs)

Particulars	Current Year (2019-20)	Previous Year (2018-19)
Income from operations	110,944.52	123,033.24
Other income	707.18	376.09
Total Income	111,651.70	123,409.33
Total Expenditure	107,211.12	119,492.36
Profit Before tax	4,440.58	3,916.97
Less: Tax Expenses	818.87	1,228.12
Net Profit (PAT)	3,621.71	2,688.85
Earning per Share(₹)		
Basic	7.18	5.33
Diluted	6.39	4.74

FY 2019 was a low growth year for the Indian economy and translated its impact on core infrastructure as well. While revenues for the year witnessed a 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 ₹111,651.70 lakhs as against ₹123,409.33 lakhs in the previous year, representing an decrease of 9.83%. Main reason for

decline in turnover is the pandemic, as the lockdown period was for more than a month because of which many tender taking opportunities has been extended and work on site was fully affected due to migration of labour.

### OPERATING MARGINS (EBIDTA) TAKE ALL INFORMATION FROM FINANCIAL

The Company recorded EBT of ₹4440.58 lakhs as compared to ₹3,916.97 lakhs last year, making an



## Management Discussion and Analysis

improvement of 13.36% over previous year due to better control on cost and operating expenses

### NET PROFIT

The net profit stood at ₹ 3,621.71 Lakhs as compared to ₹ 2688.85 Lakhs in the previous year, recording a growth of 34.7%. This is attributed to mainly to reduction of interest, bank charges and tax expense

### OUTLOOK

Our Company is built on strong business fundamentals to sustain the changing market dynamics of the macroeconomic. 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 the 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 a key factor in the timely completion of the projects, and we are expanding on our capabilities to complete projects as per the government norms and on time.

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 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 is to provide best services without compromising construction quality while completing the target.

We are strengthening our sourcing capabilities by putting best corporate governance 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 companywide 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 an increase in the 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 fresh financing projects,

Being a priority sector, the Government of India is opening doors to many opportunities in the 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.

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, wherein 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 the construction project(s). These changes may lead to a 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 are essentially aimed towards protecting our staff and the 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 also established harmonious industrial relations, proactive and inclusive practices with all employee bodies.

### CORPORATE SOCIAL RESPONSIBILITY

We believe that our business is built around strong social relevance of inclusive growth by supporting the common man in meeting their financial needs. Our organisation give equal importance towards creating a sustainable societal capital along with creating value for our stakeholders. As a responsible organisation, we are committed to the above objective by developing our business model in line with responsibilities towards society. Today, CSR is the buzzing words in every sphere of the corporate sector because of which it has its ethos in the business self-regulation, which is considered as an integrated and inseparable part of the business models.

During the year, we dedicated ₹ 78.08 lakhs towards CSR activities. With this, we committed ourselves during the year to serve society by focusing on the educational right of every child as they are the future of this nation. As education is the prime right of every child, we aligned our CSR initiative with various organisations such as the All India Society for Education and Florance Nightangle Education.

Further, we also focused on giving back to nature by initiating a plantation drive with the labour of love and devotion showcased by our group volunteers. Our other CSR activities include donations towards Lala Shersing Memorial and Gaushala

### 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, FY2020.

# 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 2 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 31st March, 2020 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
02039810	Mr. Ramanand Sharma	Non-Executive Director

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

During the year Mr. Sandeep Agrawal (DIN-05151294) & Mr. Narendra Kumar (DIN-00368980), Independent Directors has resigned from the board on 01.11.2019 & 02.03.2020 respectively.

### 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 31st March, 2020 is as under:

DIN	Name	Designation	Category
08266652	Mr. Saravjeet Singh Chawla	Chairman	Independent Director
02039810	Mr. Ramanand Sharma	Member	Non-Executive Director
00030683	Mr. Pradeep Kumar Garg	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 31st March, 2020:

DIN	Name of Director	Category	Designation
08266652	Mr. Saravjeet Singh Chawla	Independent Director	Chairman
00044439	Ms. Meenu Garg	Executive Director	Member
02039810	Mr. Ramanand Sharma	Non-Executive Director	Member

During the year Mr. Sandeep Agrawal (DIN-05151294) & Mr. Narendra Kumar (DIN-00368980), Independent Directors has resigned from the board on 01.11.2019 & 02.03.2020 respectively. Before the resignation of Mr. Narendra Kumar the Composition of Nomination and Remuneration Committee was as follows:

DIN	Name of Director	Category	Designation
08266652	Mr. Saravjeet Singh Chawla	Independent Director	Chairman
00368980	Mr. Narendra Kumar	Independent Director	Member
02039810	Mr. Ramanand Sharma	Non-Executive Director	Member

#### 5. HUMAN RESOURCES

Selection of key personnel, major equipment 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.

Date: 11/08/2020  
Place: New Delhi

**For and on behalf of Board of Directors**  
**(Pradeep Kumar Garg)**  
Managing Director  
(DIN-00030683)

# DIRECTORS' REPORT

The Members,  
M/s NKG Infrastructure Limited  
New Delhi

Your directors have pleasure in presenting the 31st Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2020.

## FINANCIAL RESULTS

Particulars	(₹ in Lakhs)	
	Current Year (2019-20)	Previous Year (2018-19)
Income from operations	110,944.52	123,033.24
Other income	707.18	376.09
Total Income	111,651.70	123,409.33
Total Expenditure	107,211.12	119,492.36
Profit Before tax	4,440.58	3,916.97
Less: Tax Expenses	818.87	1,228.12
Net Profit (PAT)	3,621.71	2,688.85
Earning per Share(Rs.)	3,621.71	2,688.85
Basic	7.18	5.33
Diluted	6.39	4.74

## STATE OF COMPANYS' AFFAIRS AND FUTURE OUTLOOK

During the year under review your Company has achieved turnover of ₹111,651.70 Lacs as against ₹123,409.33 Lacs in the previous year. Your Company's net profit stood at ₹ 3,621.71 Lacs as compared to ₹ 2,688.85 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 of ₹3,621.71 Lacs to General Reserves for the financial Year ended 31st March, 2020

## 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 31st March 2020

## DEPOSITS COVERED UNDER CHAPTER V OF THE ACT:

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

Sr. No.	Particulars	(₹ in Lakhs)
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:	NA
	i. at the beginning of the year	
	ii. Maximum during the year	
	iii. at the end of the year	
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 who were appointed upto the conclusion of 31st Annual General Meeting. Term of present auditor has been completed, Appointment of proposed statutory Auditors to be made in 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 Prasad Kothari, (FCS No. 7091), Company Secretary in practice to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### 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 2020-2021 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 31st March, 2020 is as follows:

Name	Designation	Category
Mr. Saravjeet Singh Chawla	Chairman	Independent Director
Mr. Ramanand Sharma	Member	Non- Executive Director
Mr. Pradeep Kumar Garg	Member	Executive Director

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:

Two meeting of the Nomination and Remuneration Committee was held during the financial year the composition of the Nomination and Remuneration Committee as on 31st March, 2020 are as follows:

Name	Designation	Category
Mr. Saravjeet Singh Chawla	Chairman	Non- Executive Director
Mr. Ramanand Sharma	Member	Non- Executive Director
Ms. Meenu Garg	Member	Executive Director

During the year Mr. Sandeep Agrawal (DIN-05151294) & Mr. Narendra Kumar (DIN-00368980), Independent Directors has resigned from the board on 01.11.2019 & 02.03.2020 respectively. Before the resignation of Mr. Narendra Kumar the Composition of Nomination and Remuneration Committee was as follows:

DIN	Name of Director	Designation	Category
08266652	Mr. Saravjeet Singh Chawla	Independent Director	Chairman
00368980	Mr. Narendra Kumar	Independent Director	Member
02039810	Mr. Ramanand Sharma	Non-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:

# DIRECTORS' REPORT

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.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Company believes that its achievements do not refer only to its growth but are also spread to society. Accordingly 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.

Company has spent amount of ₹ 4.84 Crore during the financial Year 2019-20 on CSR activities as per the provisions of Company Act, 2013. Further, cumulative shortfall in CSR spending up to 31st March, 2020 will be made good in coming years as Management is committed to fulfil its commitment in this regard.

CSR Committee is constituted as per provisions of the Companies Act, 2013. CSR committee formulates and recommends the Corporate Social Responsibility Policy to the Board along with amount to be incurred on the activities specified in CSR policy and monitor the CSR policy and its implementation.

Constitution of CSR Committee is below:

Sr. No.	Particulars	Designation
1	Mr. Pradeep Kumar Garg	Chairman
2	Mr. Ramanand Sharma	Member
3	Mr. Saravjeet Singh Chawla	Member

CSR Committee has met Two times in the Financial Year 2019-20

## 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 2019-20, 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 2019-20. 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, Mr. Ramanand Sharma (DIN-02039810), Director of the Company retire by rotation at the forthcoming Annual General Meeting and being eligible for re-appointment. He has confirmed that he 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 31st March, 2020 are Mr. Pradeep Kumar Garg (DIN-00030683), Mrs. Meenu Garg (DIN-00044439), Mr. Ashutosh Gupta (DIN-06815846), Mr. Saravjeet Singh Chawla (08266652), Mr. Ramanand Sharma (DIN-02039810). During the financial year Mr. Narendra Kumar, Mr. Sandeep Agrawal (DIN-05151294), 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 1st April, 2019 and ending on 31st March, 2020, the board of directors of your company met on the following dates, on 06th April, 2019, 30th April 2019, 31st May, 2019, 24th June, 2019, 6th July, 2019, 27th August, 2019, 27th September 2019, 01st November, 2019, 01st November, 2019, 9th December, 2019, 11th January, 2020, 16th January 2020, 03rd February, 2020 and 12th March, 2020.

## 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:

- a) in the preparation of the Annual accounts, the applicable Accounting Standards had been followed along with proper explanations relating to material departures;
- b) 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;

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the Annual accounts on a going concern basis;
- e) 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 Director 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 and the particulars of contracts entered during the year as per Form AOC-2 is enclosed as Annexure-B.

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 31.03.2020.

#### **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.

# DIRECTORS' REPORT

## 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

Sr. 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:

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 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) Meenu Garg

Managing Director

Director

(DIN-00030683)

(DIN-00044439)

Date: 11/08/2020

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
2	Electrical works	35101	2

**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-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% 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):-	50462012	6247000	56709012	100.00	50462012	6247000	56709012	100.00	0
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)= (A) (1)+(A)(2)	50462012	6247000	56709012	100.00	50462012	6247000	56709012	100.00	0

# DIRECTORS' REPORT

Category of Share- Holders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year[As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share Capital in excess of Rs 1 Lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
(c-i) NRI/OCB	-	-	-	-	-	-	-	-	-
(c-ii) clearing member	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>50462012</b>	<b>6247000</b>	<b>56709012</b>	<b>100.00</b>	<b>50462012</b>	<b>6247000</b>	<b>56709012</b>	<b>100.00</b>	<b>0</b>



**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	8506350	-
7	Pradeep Sons Private Limited	7718984	13.61	-	7718984	13.61	-	-
8	Aman Promoters Private Limited	4913332	8.66	-	4913332	8.66	-	-
9	Expert Power Control (India) Private Limited	1560000	2.75	-	1560000	2.75	-	-
10	Elegant Infracore 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	-	-	-	-

# DIRECTORS' REPORT

## 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	5,58,000	0.98	5,58,000	0.98
	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	3480.77	1367.19	-	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>1367.19</b>	<b>-</b>	<b>4815.77</b>
<b>Change in Indebtedness during the Financial year</b>				
* Addition	2689.45	525.00	-	3214.45
* Reduction	682.08	686.60	-	1368.08
<b>Net Change</b>	<b>2047.37</b>	<b>-161.60</b>	<b>-</b>	<b>1885.77</b>
<b>Indebtedness at the end of the Financial year 19-20</b>				
i) Principal Amount	5528.14	1205.59	-	5861.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>5528.14</b>	<b>1205.59</b>	<b>-</b>	<b>5861.32</b>

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

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

SN.	Particulars of Remuneration	Name of MD/WTM/ Director/ Manager			Total Amount (₹ in Lacs)
1(a)		Ashutosh Gupta			
	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	13.73
	(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...				

# DIRECTORS' REPORT

SN.	Particulars of Remuneration	Name of MD/WTD/ Director/ Manager				Total Amount (₹In Lacs)
5	Others, please specify	-	-	-	-	-
	Total (A)	-	-	-	13.73	13.73
	Ceiling as per the Act					
	1(b)	Meenu Garg				
	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	60.00	60.00
	(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)	-	-	-	60.00	60.00
	Ceiling as per the Act					

## B. Remuneration to other directors:

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		-----	----	----	---	-
1	Independent Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
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**

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total (₹ in Lacs)
	Gross salary	-	6.47	15.4	21.87
	(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	-	-	-	-
	<b>Total</b>		<b>6.47</b>	<b>15.4</b>	<b>21.87</b>

**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)
<b>A. COMPANY</b>					
Penalty					
Punishment			N.A.		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			N.A.		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			N.A.		
Compounding					

# INDEPENDENT AUDITOR'S REPORT

## To the Members of NKG Infrastructure Limited

### Opinion

We have audited the accompanying financial statements of NKG Infrastructure Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, 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 "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, 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 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional 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,

# INDEPENDENT AUDITOR'S REPORT

- 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.

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
- (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 financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 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 with reference to financial statements 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 financial statements – Refer Note No.29 (ii) to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There 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

Place of Signature: New Delhi  
Date: 11/08/2020

UDIN- 20511322AAAADP6540

# ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**The Annexure referred to in Independent Auditors’ Report to the members of the Company on the financial statements for the year ended 31st March 2020, 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, 2020 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, 2020 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 as on balance sheet date. 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 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

Place of Signature: New Delhi  
Date: 11/08/2020

UDIN- 20511322AAAADP6540



# ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

## Report on the Internal Financial Controls with reference to Financial Statements 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, 2020 in conjunction with our audit of the 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 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, 2020, 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)**

Place of Signature: New Delhi  
Date: 11/08/2020

Partner  
UDIN- 20511322AAAADP6540

# BALANCE SHEET

AS AT 31<sup>ST</sup> MARCH 2020

		(₹ in Lakhs)	
Particulars	Note No.	March-2020	March-2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	36,594.99	34,954.94
Capital Work-in-Progress	2.1	25.72	113.17
Intangible Assets	3	31.90	52.00
		<b>36,652.61</b>	<b>35,120.11</b>
Financial Assets			
Other Financial Assets	4	746.83	642.86
Income Tax Assets (Net)	5	2,716.82	2,286.91
Other Non-Current Assets	6	454.99	1,295.16
		<b>40,571.25</b>	<b>39,345.04</b>
<b>Current assets</b>			
Inventories	7	35,061.28	38,770.49
Financial Assets			
Trade Receivables	8	16,410.59	17,452.88
Cash and Cash Equivalents	9	708.61	1,278.65
Bank Balances other than above	10	5,740.12	5,786.17
Other Financial Assets	4	17,242.93	16,938.49
Other Current Assets	6	4,148.10	3,444.36
		<b>79,311.63</b>	<b>83,671.04</b>
<b>TOTAL</b>		<b>119,882.88</b>	<b>123,016.08</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	11	5,670.90	5,670.90
Other Equity	12	69,446.29	65,818.19
		<b>75,117.19</b>	<b>71,489.09</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	13	6,047.52	4,318.78
Provisions	15	450.09	377.48
Deferred tax liabilities (Net)	16	3,555.70	3,510.98
Other non-current liabilities	17	1,410.36	3,178.50
		<b>11,463.67</b>	<b>11,385.74</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	18	17,174.69	19,895.55
Trade payables	19	10,384.54	10,586.97
Other Financial Liabilities	14	1,525.41	1,239.06
Other Current Liabilities	17	4,168.26	8,376.31
Provisions	15	49.12	43.36
		<b>33,302.02</b>	<b>40,141.25</b>
<b>TOTAL</b>		<b>119,882.88</b>	<b>123,016.08</b>
Significant Accounting Policies, Estimates & Judgements	1		
Notes on Financial Statements	2-50		

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: 11/08/2020  
UDIN:20511322AAAADP6540

## For and on behalf of the Board of Directors

**Pradeep Kr Garg**  
Managing Director

**Ashutosh Gupta**  
Whole-time director

**Jitendra Kr Saini**  
CFO

**Rakhi Singh**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in Lac)

Particulars	Note No.	March-2020	March-2019
<b>I. Revenue From Operations</b>	20	110,944.52	123,033.24
<b>II. Other Income</b>	21	707.18	376.09
<b>III. Total Income (I+II)</b>		<b>111,651.70</b>	<b>123,409.33</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	22	84,724.95	99,186.15
Changes in Inventories of Work-In Progress	23	1,886.87	1,608.35
Employee Benefits Expense	24	4,283.19	4,041.14
Finance Costs	25	3,393.18	3,651.07
Depreciation and Amortization on :			
a) Tangible Assets		3,465.99	3,364.15
b) Intangible Assets		20.10	20.20
		<b>3,486.09</b>	<b>3,384.35</b>
Other Expenses	26	9,436.84	7,621.30
<b>Total Expenses (IV)</b>		<b>107,211.12</b>	<b>119,492.36</b>
<b>V. Profit before Exceptional Items and Tax (III-IV)</b>		<b>4,440.58</b>	<b>3,916.97</b>
<b>VI. Exceptional Items</b>		-	-
<b>VII. Profit before Tax (V+VI)</b>		<b>4,440.58</b>	<b>3,916.97</b>
<b>VIII. Tax Expense:</b>			
Current Tax		1,149.37	821.82
Deferred Tax		-330.50	406.30
<b>IX. Profit For The Year (VII-VIII)</b>		<b>3,621.71</b>	<b>2,688.85</b>
<b>X. Other Comprehensive Income:</b>	27		
A (i) Items that will not be reclassified to profit or loss		9.82	106.44
A (ii) Income Tax relating to items that will not be reclassified to profit or loss		(3.43)	(36.84)
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) (Comprising Profit/ (Loss) and Other Comprehensive Income for the Year)</b>		<b>3,628.10</b>	<b>2,758.45</b>
<b>XII. Earning per Equity Share (₹):</b>	28		
(1) Basic		7.18	5.33
(2) Diluted		6.39	4.74
Face Value Per Equity Share (₹)		10.00	10.00
Significant Accounting Policies, Estimates & Judgements	1		
Notes on Financial Statements	2-50		

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: 11/08/2020  
UDIN:20511322AAAADP6540

## For and on behalf of the Board of Directors

**Pradeep Kr Garg**  
Managing Director

**Ashutosh Gupta**  
Whole-time director

**Jitendra Kr Saini**  
CFO

**Rakhi Singh**  
Company Secretary

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in Lac)

Sr. No.	Particulars	As at 31 st March 2020	As at 31 st March 2019
<b>(A)</b>	<b>CASH FLOW STATEMENT FROM OPERATING ACTIVITIES</b>		
	<b>Net Profit Before Taxation</b>	4,440.58	3,916.97
	Adjustments for :-		
	Depreciation	3,486.09	3,384.35
	Finance Cost	3,393.18	3,651.07
	Other Comprehensive Income	6.39	69.60
	Gain on sale of Fixed Assets	(19.04)	-
	Loss on Sale of Investments	-	-
	Interest Income	(688.14)	(376.09)
	<b>Operating Profit Before Working Capital Changes</b>	<b>10,619.06</b>	<b>10,645.90</b>
	Adjustments for :-		
	(Increase)/ Decrease in Trade Receivables	1,042.29	292.39
	(Increase)/ Decrease in Inventories	3,709.21	(933.51)
	(Increase)/ Decrease in Bank Balance	46.05	(245.09)
	(Increase)/ Decrease in Other Financial Assets & Other Assets	(918.96)	682.36
	Increase/(Decrease) in Liabilities & Provisions	(5,769.95)	(1,255.03)
	<b>Net Increase/(Decrease) in Working Capital</b>	<b>(1,891.36)</b>	<b>(1,458.88)</b>
	<b>Cash Generated from Operations</b>	<b>8,727.70</b>	<b>9,187.02</b>
	Direct Taxes Paid (Net of Refunds )	(1,204.06)	(1,772.68)
	<b>Total Cash Flow from Operation (A)</b>	<b>7,523.64</b>	<b>7,414.34</b>
<b>(B)</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES (Cr.)</b>		
	Purchase of Fixed Assets/CWIP	(3,911.28)	(753.70)
	Disposal of Fixed Assets	25.40	17.30
	Interest Received	533.74	331.32
	<b>Net Cash Used in Investing Activities (B)</b>	<b>(3,352.14)</b>	<b>(405.08)</b>
<b>(C)</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES (Cr.)</b>		
	Long Term Borrowings	1,416.45	(42.56)
	Short Term Borrowings	(2,720.86)	(3,059.13)
	Interest Paid	(3,437.13)	(3,585.31)
	<b>Net Cash From Financing Activities (C)</b>	<b>(4,741.54)</b>	<b>(6,687.00)</b>
<b>(D)</b>	<b>Net Increase/ Decrease in Cash &amp; Cash Equivalents (A-B+C)</b>	<b>(570.04)</b>	<b>322.26</b>
	<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>(1,278.65)</b>	<b>(956.39)</b>
	<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>708.61</b>	<b>1,278.65</b>

As per our report of even date attached

For and on behalf of the Board of Directors

**For KARMV & Company**

Chartered Accountants

FRN No.-023022N

**Pradeep Kr Garg**  
Managing Director

**Ashutosh Gupta**  
Whole-time director

**CA Kailash Kumar**

Partner

M No. 511322

**Jitendra Kr Saini**  
CFO

**Rakhi Singh**  
Company Secretary

Place of Signature : New Delhi

Dated: 11/08/2020

UDIN:20511322AAAADP6540



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## a. Share Capital

### i. Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
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, 2020	As at March 31, 2019
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

(₹ in lakhs)

Particulars	Reserves & Surplus		Total
	Retained earnings	Security Premium	
<b>Balance at March 31, 2018</b>	<b>49,601.65</b>	<b>13,458.09</b>	<b>63,059.74</b>
Profit / (Loss) for the year	2,688.85	-	2,688.85
Other comprehensive income for the year	69.60	-	69.60
<b>Balance at March 31, 2019</b>	<b>52,360.10</b>	<b>13,458.09</b>	<b>65,818.19</b>
Profit / (Loss) for the year	3,621.71	-	3,621.71
Other comprehensive income for the year	6.39	-	6.39
<b>Balance at March 31, 2020</b>	<b>55,988.20</b>	<b>13,458.09</b>	<b>69,446.29</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: 11/08/2020  
UDIN:20511322AAAADP6540

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

**Pradeep Kr Garg**  
Managing Director

**Ashutosh Gupta**  
Whole-time director

**Jitendra Kr Saini**  
CFO

**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 construct or develop an assets on behalf of a customer, which is considered as a single performance obligations 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. 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.

#### 4. 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) 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.

#### 5. Leases:

Effective 1 April 2019, the Company adopted IndAS116 "Leases" and applied to all lease contracts existing on 1 April 2019 using the modified retrospective transition method. Consequently, the lease liability is measured at the present value of remaining lease payments discounted at incremental borrowing rate applicable at the date of initial application and the right of use asset has been recognized at an amount equal to lease liability. Comparatives as at and for the year ended 31 March 2019 have not been adjusted and therefore will continue to be reported as per Ind AS.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

Company recognizes a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases for low value underlying assets. For these short-term and leases for low value underlying assets, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation/ amortization and impairment losses.

Right-of-use assets are depreciated/ amortized from the commencement date to the end of the useful life of the underlying asset, if the lease transfers ownership of the underlying asset by the end of lease term or if the cost of right of use assets reflects that the purchase option will be exercised. Otherwise, Right-of-use assets are depreciated / amortized from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate.

#### **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 is one that necessarily takes substantial period of time to get ready for its 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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.

## 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:

### 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.



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## NOTE NO. 2 - TANGIBLE ASSETS

FY 2019-20

Particulars	Gross Block			Total as on 31.03.2020	Depreciation/Amortisation			Net Block				
	Cost as on 01.04.2019	Additions during the year	Sale/ Disposal		Adj. /Trf.	Upto 31.03.2019	During the Year	Sale/ Disposal	Adjustment	Total as on 31.03.2020	As on 31.03.2020	As on 31.03.2019
(₹ in Lac)												
(1) Tangible Assets												
(A) Construction Division												
Land	5.95	-	-	-	5.95	-	-	-	-	-	5.95	5.95
Building *	187.30	24.16	-	113.17	324.63	13.08	5.19	-	-	182.7	306.36	174.22
Right of Use (Rented Premises)	-	312.29	-	-	312.29	-	35.02	-	-	35.02	277.27	-
Plant & Machinery	32,973.16	2,296.48	-	-	35,269.64	9,781.89	2,511.93			12,293.82	22,975.82	23,191.27
Lab Equipment	46.31		-	-	46.31	35.20	7.21	-	-	42.41	3.90	11.11
Vehicles	835.22	314.46	126.25	-	1,023.43	511.43	93.62	119.89	-	485.16	538.27	323.79
Furniture & Fixtures	36.21	77.73	-	-	113.94	19.74	24.40	-	-	44.14	69.80	16.47
Office Equipment	47.60	6.90	-	-	54.51	32.69	8.26	-	-	40.95	13.55	14.91
Computer Hardware	71.31	37.53	-	-	108.84	42.69	12.11	-	-	54.80	54.04	28.62
Earth Moving Machine	1,486.34	1,128.30	-	-	2,614.64	1,072.92	170.27	-	-	1,243.19	1,371.45	413.42
Electrical Installations & Equipment	52.99	-	-	-	52.99	29.10	5.82	-	-	34.92	18.07	23.89
(B) Solar Division												
Building	3.19	-	-	-	3.19	0.67	0.01	-	-	0.68	2.51	2.52
Right of Use **	-	-	-	801.37	801.37	-	35.21	-	-	35.21	766.16	-
Gujarat Solar Power	13,332.92	-	-	-	13,332.92	2,591.53	555.90	-	-	3,147.43	10,185.49	10,741.39
Office Equipment	3.39	-	-	-	3.39	3.06	-	-	-	3.06	0.33	0.33
Plant & Machinery	10.55	-	-	-	10.55	3.49	1.03	-	-	4.52	6.03	7.06
Total	49,092.45	4,197.86	126.25	914.54	54,078.60	14,137.51	3,465.99	119.89	-	17,483.61	36,594.99	34,954.94

## NOTE NO. 2.1 - Capital Work-in-Progress

Capital Work-in-Progress	113.17	25.72	-	-113.17	25.72	-	-	-	-	-	25.72	113.17
--------------------------	--------	-------	---	---------	-------	---	---	---	---	---	-------	--------

## NOTE NO. 3 - INTANGIBLE ASSETS

Software Licenses	129.15	-	-	-	129.15	77.15	20.10	-	-	97.25	31.90	52.00
-------------------	--------	---	---	---	--------	-------	-------	---	---	-------	-------	-------

**NOTE NO. 2 - TANGIBLE ASSETS**

FY 2018-19

Particulars	Gross Block				Depreciation/Amortisation				Net Block		(₹ in Lac)		
	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 31.03.2019	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	9.81	3.27	-	-	13.08	174.22	177.49	
Plant & Machinery	32,57,692	486.93	90.68	-	32,973.16	7,342.92	2,512.35	73.38	-	9,781.89	23,191.27	25,234.00	
Lab Equipment	46.31	-	-	-	46.31	27.99	7.21	-	-	35.20	11.11	18.32	
Vehicles	707.59	127.63	-	-	835.22	404.57	106.86	-	-	511.43	323.79	303.02	
Furniture & Fixtures	35.02	1.19	-	-	36.21	15.92	3.82	-	-	19.74	16.47	19.10	
Office Equipment	37.55	10.05	-	-	47.60	25.15	7.54	-	-	32.69	14.91	12.40	
Computer Hardware	56.58	14.73	-	-	71.31	34.66	8.03	-	-	42.69	28.62	21.92	
Earth Moving Machine	1,486.34	-	-	-	1,486.34	920.63	152.29	-	-	1,072.92	413.42	565.71	
Electrical Installations & Equipment	52.99	-	-	-	52.99	23.28	5.82	-	-	29.10	23.89	29.71	
(B) Solar Division													
Building	3.19	-	-	-	3.19	0.66	0.01	-	-	0.67	2.52	2.53	
Gujarat Solar Power	13,332.92	-	-	-	13,332.92	2,035.63	555.90	-	-	2,591.53	10,741.39	11,297.29	
Office Equipment	3.39	-	-	-	3.39	3.06	-	-	-	3.06	0.33	0.33	
Plant & Machinery	10.55	-	-	-	10.55	2.46	1.03	-	-	3.49	7.06	8.09	
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	-	-	-	-	-	113.17	-
--------------------------	---	--------	---	---	--------	---	---	---	---	---	--------	---

**NOTE NO. 3 - INTANGIBLE ASSETS**

Software Licenses	129.15	-	-	-	129.15	56.95	20.20	-	-	77.15	52.00	72.20
-------------------	--------	---	---	---	--------	-------	-------	---	---	-------	-------	-------

\* Represent Capital expenditure incurred on properties acquired on lease basis

\*\* Opening Balance reclassified from prepaid rental in view of implementation of Ind AS 116 w.e.f.01.04.2019

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## NOTE - 4: OTHER FINANCIAL ASSETS

(Unsecured, Considered Good at amortised cost)

(₹ in Lac)

Particulars	Non Current		Current	
	Mar-2020	Mar-2019	Mar-2020	Mar-2019
Interest Accrued on Bank Deposits	-	-	509.70	355.31
Security Deposits/ Retention Money	746.83	642.86	16,733.23	16,583.17
<b>TOTAL</b>	<b>746.83</b>	<b>642.86</b>	<b>17,242.93</b>	<b>16,938.48</b>

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

(₹ in Lac)

Particulars	Non Current		Current	
	Mar-2020	Mar-2019	Mar-2020	Mar-2019
Income Tax/Current Tax Asset - Net	2,716.82	2,286.91	-	-
<b>TOTAL</b>	<b>2,716.82</b>	<b>2,286.91</b>	<b>-</b>	<b>-</b>

## NOTE - 6: OTHER ASSETS

(Unsecured, Considered Good)

(₹ in Lac)

Particulars	Non Current		Current	
	Mar-2020	Mar-2019	Mar-2020	Mar-2019
Advances Recoverable in cash or kind	-	-	460.84	1,098.22
Prepaid Expenses	454.99	529.00	983.93	383.79
GST / VAT Recoverable	-	-	2,703.33	1,927.13
Prepaid Rentals (Leasehold Land)	-	766.16	-	35.21
<b>TOTAL</b>	<b>454.99</b>	<b>1,295.16</b>	<b>4,148.10</b>	<b>3,444.35</b>

## NOTE - 7: INVENTORIES

(₹ in Lac)

Particulars	March-2020	March-2019
Construction Materials	13,062.87	14,738.54
Work in Progress - Construction Projects	21,998.41	23,885.28
<b>TOTAL</b>	<b>35,061.28</b>	<b>38,623.82</b>
<b>In Transit :</b>		
Construction Material	-	146.67
<b>TOTAL</b>	<b>35,061.28</b>	<b>38,770.49</b>

## NOTE - 8: TRADE RECEIVABLES

(Unsecured Considered Good - At amortised cost)

(₹ in Lac)

Particulars	March-2020	March-2019
Trade Receivables	16,410.59	17,452.88
<b>TOTAL</b>	<b>16,410.59</b>	<b>17,452.88</b>

**NOTE - 9: CASH AND CASH EQUIVALENTS**

Particulars	(₹ in Lac)	
	March-2020	March-2019
<b>Cash and Cash Equivalents</b>		
<b>Bank Balances with Scheduled Banks :</b>		
Current Account	681.31	1,030.47
Cash Balances	27.30	248.18
<b>TOTAL</b>	<b>708.61</b>	<b>1,278.65</b>

**NOTE - 10: BANK BALANCES OTHER THAN ABOVE**

Particulars	(₹ in Lac)	
	March-2020	March-2019
Fixed Deposits	5,740.12	5,786.17
<b>TOTAL</b>	<b>5,740.12</b>	<b>5,786.17</b>

**Note:**

A) Pledged with Banks/ Govt. Deptts.

**NOTE - 11 : SHARE CAPITAL**

Particulars	(₹ in Lac)			
	As at 31 March, 2020		As at 31 March, 2019	
	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	(₹ in Lac)			
	As at 31 March, 2020		As at 31 March, 2019	
	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>

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

(₹ in Lac)

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	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

(₹ in Lac)

Name of Shareholders	As at 31 March, 2020		As at 31 March, 2019	
	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

(₹ in Lac)

Name of Shareholders	As at 31 March, 2020		As at 31 March, 2019	
	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 4th 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.



**NOTE - 12: OTHER EQUITY**

Particulars	(₹ in Lac)	
	March-2020	March-2019
<b>General Reserve:</b>		
As per last Account	52,360.10	49,601.66
Add: Appropriation from Surplus	3,628.10	2,758.44
	55,988.20	52,360.10
<b>Surplus (Balance in Statement of Profit and Loss):</b>		
Profit for the Year	3,621.71	2,688.85
Add: Other Comprehensive Income (Remeasurement of Defined Benefit Plans)	6.39	69.60
Less: Transfer to General Reserve	3,628.10	2,758.45
Balance carried forward to next year	-	-
	55,988.20	52,360.10
<b>Securities Premium Account :</b>		
As per last Account	13,458.09	13,458.09
<b>TOTAL</b>	<b>69,446.29</b>	<b>65,818.19</b>

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

Particulars	(₹ in Lac)			
	Non Current		Current Maturities*	
	Mar-2020	Mar-2019	Mar-2020	Mar-2019
<b>SECURED LOANS</b>				
<b>Term Loans:</b>				
i) From Banks:	1,327.59	50.39	353.44	10.10
ii) From Others	3,235.52	2,933.38	611.59	486.90
<b>Total Secured Loans</b>	<b>4,563.11</b>	<b>2,983.77</b>	<b>965.03</b>	<b>497.00</b>
<b>UNSECURED LOANS</b>				
Loans from related parties	-	560.52	-	-
Lease obligations	278.82	-	17.65	-
Intercompany Loan	1,205.59	774.48	-	-
<b>Total Unsecured Loans</b>	<b>1,484.41</b>	<b>1,335.00</b>	<b>17.65</b>	<b>-</b>
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>6,047.52</b>	<b>4,318.77</b>	<b>982.68</b>	<b>497.00</b>

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

A) Secured against hypothecation of specific Machineries & vehicles/Other Assets

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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

(₹ in Lac)

Particulars	Non Current		Current	
	Mar-2020	Mar-2019	Mar-2020	Mar-2019
Current maturities of long-term debt (Refer Note - 13)	-	-	982.68	497.00
Interest accrued but not due on loans / advances	-	-	183.38	227.33
Employee Liabilities	-	-	359.35	514.74
Others	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>1,525.41</b>	<b>1,239.07</b>

## NOTE - 15: PROVISIONS

(₹ in Lac)

Particulars	Non Current		Current	
	Mar-2020	Mar-2019	Mar-2020	Mar-2019
Provision for Employee Benefits	450.09	377.48	49.12	43.36
<b>TOTAL</b>	<b>450.09</b>	<b>377.48</b>	<b>49.12</b>	<b>43.36</b>

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

(₹ in Lac)

PARTICULARS	AS At 31st March 2020	AS At 31st March 2019
<b>Deferred Tax Liability</b>		
Difference on account of depreciation (a)	4,978.13	5,281.46
<b>Deferred Tax Assets</b>		
Expenditure disallowed under Income Tax Act allowable on payment basis (b)	174.44	147.27
<b>TOTAL - Deferred Tax Liability (Net)- (a-b)</b>	<b>4,803.69</b>	<b>5,134.19</b>
<b>Less: MAT Credit Entitlement</b>	<b>1,247.99</b>	<b>1,623.21</b>
<b>Deferred Tax Liability (Net of MAT)</b>	<b>3,555.70</b>	<b>3,510.98</b>

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

	Mar, 2020	Mar, 2019
	%	%
<b>Applicable tax rate</b>	34.94	34.94
Tax effect of income that are not taxable in determining taxable profit	(16.50)	(3.59)
<b>Average Effective Tax Rate</b>	<b>18.44</b>	<b>31.35</b>

**NOTE - 17: OTHER LIABILITIES**

Particulars	Non Current		(₹ in Lac)	
	Mar-2020	Mar-2019	Mar-2020	Current Mar-2019
Statutory Liabilities	-	-	14.58	244.66
Mobilization/ Secured Advances	1,410.36	3,178.49	4,153.68	8,131.64
<b>TOTAL</b>	<b>1,410.36</b>	<b>3,178.49</b>	<b>4,168.26</b>	<b>8,376.30</b>

**NOTE - 18: BORROWINGS - CURRENT**

Particulars	(₹ in Lac)	
	March-2020	March-2019
<b>SECURED LOANS</b>		
Loans Repayable on Demand		
From Banks:		
Cash Credit	17,174.69	19,895.55
<b>TOTAL SHORT-TERM BORROWINGS</b>	<b>17,174.69</b>	<b>19,895.55</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**

Particulars	(₹ in Lac)	
	March-2020	March-2019
Total outstanding Dues to Micro and Small Enterprises	-	-
Total outstanding Dues of creditors other than Micro and Small Enterprises	10,384.54	10,586.97
<b>TOTAL</b>	<b>10,384.54</b>	<b>10,586.97</b>

**NOTE - 20: REVENUE FROM OPERATIONS**

Particulars	(₹ in Lac)	
	March-2020	March-2019
Revenue from Construction Activities	108,625.51	120,636.03
Revenue from sale of electricity	2,319.01	2,397.21
<b>TOTAL</b>	<b>110,944.52</b>	<b>123,033.24</b>

**NOTE - 21: OTHER INCOME**

Particulars	(₹ in Lac)	
	March-2020	March-2019
Interest on:		
Financial items:		
Fixed Deposits with Banks	608.60	366.34
Other Non Operative Income	79.54	9.75
	<b>688.14</b>	<b>376.09</b>
Profit on sale and disposal of Assets	19.04	-
<b>TOTAL</b>	<b>707.18</b>	<b>376.09</b>

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## NOTE - 22: COST OF MATERIALS CONSUMED

(₹ in Lac)

Particulars	March-2020	March-2019
Construction Materials:		
Opening Stock	14,738.54	12,343.35
Add: Purchases	83,049.28	101,581.34
Less: Closing Stock	13,062.87	14,738.54
<b>TOTAL</b>	<b>84,724.95</b>	<b>99,186.15</b>

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

(₹ in Lac)

Particulars	March-2020	March-2019
Closing Stock		
Work in Progress - Construction Projects	21,998.41	23,885.28
Less:		
Opening Stock		
Work in Progress - Construction Projects	23,885.28	25,493.63
<b>NET INCREASE / (DECREASE)</b>	<b>-1,886.87</b>	<b>-1,608.35</b>

## NOTE - 24: EMPLOYEE BENEFITS EXPENSE

(₹ in Lac)

Particulars	March-2020	March-2019
Salaries, Wages, Bonus etc	4,079.61	3,848.37
Contribution to Provident & Other Funds	48.90	36.99
Staff Welfare Expenses	154.68	155.78
<b>TOTAL</b>	<b>4,283.19</b>	<b>4,041.14</b>

## NOTE - 25: FINANCE COSTS

(₹ in Lac)

Particulars	March-2020	March-2019
<b>Interest Payments on Financial items:</b>		
<b>Working Capital Loans:</b>		
Banks	2,217.68	2,604.30
<b>Other Loans:</b>		
Banks	699.26	423.43
Others	476.24	623.34
	<b>1,175.50</b>	<b>1,046.77</b>
	<b>3,393.18</b>	<b>3,651.07</b>
<b>TOTAL</b>	<b>3,393.18</b>	<b>3,651.07</b>

**NOTE - 26: OTHER EXPENSES**

(₹ in Lac)

Particulars	March-2020	March-2019
Rent	175.58	228.11
Insurance	270.18	215.00
Rates & Taxes	-	236.37
Donations	19.72	39.11
Payment to auditors:		
Audit Fee	3.00	9.00
Travelling & Conveyance	119.41	76.62
Communication Expenses	19.39	13.43
Printing & Stationery	226.16	43.58
Electricity & Water	290.20	373.25
Bank Charges	1,495.96	1,210.83
Tender Expenses	23.61	18.72
Legal Expenses / Professional Charges	406.92	461.97
Advertisement and Publicity	40.43	1.26
Other Direct Expenses	3,445.02	2,702.77
Repairs and Maintenance	467.30	315.06
Freight	1,699.98	1,570.51
Miscellaneous Expenses	249.98	105.73
<b>TOTAL</b>	<b>9,436.84</b>	<b>7,621.32</b>

**NOTE - 27: OTHER COMPREHENSIVE INCOME**

(₹ in Lac)

Particulars	March-2020	March-2019
Items that will not be reclassified to profit or loss:		
Remeasurement of Defined Benefit Plans	9.82	106.44
Income Tax relating to items that will not be reclassified to profit or loss:		
Remeasurement of Defined Benefit Plans	-3.43	-36.84
<b>TOTAL</b>	<b>6.39</b>	<b>69.60</b>



# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## 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)	3621.70	2688.84
Weighted average number of equity shares used as denominator	50462012	50462012
Face Value per Share	₹ 10.00	₹ 10.00
Earning Per Share (Basic)	₹ 7.18	₹ 5.33
<b>Diluted</b>		
Net Profit after tax used as numerator (₹ in Lac)	3621.70	2688.84
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
<b>Earning Per Share (Diluted)</b>	<b>₹ 6.39</b>	<b>₹ 4.74</b>

## 29. Commitments and Contingencies : ₹

NIL ( Previous Year ₹ NIL)

## 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:

(₹ in Lac)

	BUSINESS SEGMENTS		
	Construction	Power	Total
	Year ended 31.03.2020	Year ended 31.03.2020	Year ended 31.03.2020
Revenue from Operations	108,625.51	2,319.01	110,944.52
	(120,638.86)	(2,394.38)	(123,033.24)
Segment Results:	6,213.62	1,620.14	7,833.76
	(5,823.04)	(1,745.00)	(7,568.04)
Unallocated Corporate expenses, Interest and finance charges			3,393.18
			(3,651.07)
Profit before Tax			4,440.58
			(3,916.97)
Income Tax ( Net)			818.87
			(1,228.12)
Profit after Tax			3,621.71
			(2,688.85)
<b>Other Information</b>			
Segment Assets	105,851.87	11,314.19	117,166.06
	(108,234.63)	(12,494.54)	(120,729.17)
Unallocated Corporate and other Assets			2,716.82
			(2,286.91)
Total assets			119,882.88
			(123,016.08)
Segment Liabilities	16,801.29	1.31	16,802.60
	(23,274.75)	(29.93)	(23,304.68)
Unallocated Corporate and other Liabilities			27,963.09
			(28,012.34)
Total Liabilities			44,765.69
			(51,317.02)
Depreciation/ Amortisation	2,929.14	556.95	3,486.09
	(2,827.40)	(556.95)	(3,384.35)
Capital Expenditure (Net)	4,223.58	-	4,223.58
	(753.70)	-	(753.70)

**Note:**

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

- 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 31.03.2020	For the year ended 31.03.2019
Contact revenue recognized as revenue for the year	12775.96	8669.38
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.	95849.55	111966.65
Amount of customer advances outstanding for contracts in process as at the end of the financial year.	5564.03	11146.60
Amount of retention due from customers for contracts in process as at the end of the financial year.	7037.37	7053.77

## **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            | - | Director                                     |
| 3) Ms. Rakhi Singh            | - | Company Secretary (upto 31.01.2020)          |
| 4) Mr. Prateek                | - | Company Secretary (w.e.f.- 01.02.2020)       |
| 5) Mr. Jitendra Kumar Saini   | - | (CFO)  |
| 6) Mr. Ashutosh Gupta         | - | Director                                     |
| 7) Mr. Saravjeet Singh Chawla | - | Independent Director (w.e.f.-26.10.2018)     |
| 8) Mr. Ramanand Sharma        | - | Non - Executive Director (w.e.f.-01.11.2019) |

#### **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

(₹ in Lac)

Description	Current Year	Previous Year
<b>A. Unsecured Loans</b>		
Mr. Pradeep Kumar Garg	Nil	276.88
Mrs. Meenu Garg	Nil	283.64
<b>B. Remuneration/Consultancy</b>		
Mrs. Meenu Garg	60.00	60.00
Mr. Rakesh Kumar	33.00	18.00
Mr. Archit Garg	60.00	60.00
Mr. Sarthak Garg	60.00	60.00
Mr. Ashutosh Gupta	13.73	13.80
Ms. Rakhi Singh	3.83	5.00
Mr. Prateek	2.64	Nil
Mr. Jitendra Kumar Saini	15.40	13.20
<b>TOTAL</b>	<b>216.20</b>	<b>216.20</b>
<b>C. Rent</b>		
Pradeep Kumar Garg ( HUF )	12.00	12.00
<b>D. Commission on Profit *</b>		
Pradeep Kumar Garg	225.00	NIL
<b>E. Amount Payable</b>		
Pradeep Kumar Garg	202.50	NIL

\* Represent commission payable which is 5% of Profit before tax.

### 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	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Current Service Cost	93.35	110.30	46.32	68.67
Interest Cost	24.75	26.88	5.91	4.34
Net actuarial (Gain)/ Loss recognized in the year	Nil	Nil	-39.59	-21.14
Total expenses recognized in Profit & Loss Account	118.10	137.18	12.64	51.87
Net actuarial (Gain)/ Loss recognized in the year (OCI)	-9.82	-106.44	NIL	NIL

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

## (b) Amount recognized in the Balance Sheet

(₹ in Lac)

	Gratuity Unfunded		Leave Encashment Unfunded	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Estimated Present value of obligations as at end of the year	421.86	331.46	77.35	89.37
Fair value of Plan Assets as at the end of the year	Nil	Nil	Nil	Nil
Unfunded Net Asset /(Liability) recognized in Balance Sheet	(421.86)	(331.46)	(77.35)	(89.37)

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

(₹ in Lac)

	Gratuity Unfunded		Leave Encashment Unfunded	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Present Value of obligation as at the beginning of the year	331.46	395.59	89.37	75.11
Interest Cost	24.75	26.88	5.91	4.34
Current service Cost	93.35	110.30	46.32	68.67
Benefits Paid	(17.88)	(94.87)	(39.59)	(37.61)
Actuarial loss/ (gain) on obligation	(9.82)	(106.44)	(24.67)	(21.14)
<b>Present value of obligation at the end of the year</b>	<b>421.86</b>	<b>331.46</b>	<b>77.34</b>	<b>89.37</b>

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

(₹ in Lac)

	Gratuity Unfunded		Leave Encashment Unfunded	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
<b>a) Impact of the change in Discount rate</b>				
Present Value of obligation as at the end of the year	421.86	331.46	77.34	89.37
i) Impact due to increase in 0.50%	-26.36	-19.95	-1.24	-1.41
ii) Impact due to decrease in 0.50%	32.44	24.29	1.34	1.52
<b>b) Impact of the change in Salary</b>				
Present Value of obligation as at the end of the year	421.86	331.46	77.34	89.37
i) Impact due to increase in 0.50%	30.16	23.48	1.35	1.53
ii) Impact due to decrease in 0.50%	-25.86	-19.96	-1.27	-1.45

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

Method Used	Projected Unit Credit Method	
	2019-20	2018-19
Discount Rate	6.67%	7.68%
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 2019-20 amounting to ₹ 48.90 Lac (Previous year ₹ 36.99 Lac) is recognized in the Statement of Profit & Loss.**



- 34.** In pursuance to section 115BAA of the Income Tax Act, 1961 announced by Government of India through Taxation Laws (Amendment) ordinance, 2019 the Company has an irrevocable opinion of shifting to a lower tax rate along with consequent reduction in certain tax incentive including lapse of the accumulated MAT credit. The Company has not exercised this option after evaluating the same and continues to recognize the taxes on income as per the earlier provisions.
- 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.

**36. Payment to Auditors (Excluding Service Tax/GST)**

(₹ in Lac)

	Current Year	Previous Year
Audit Fee	3.00	9.00
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 : ₹ NIL ( Previous Year ₹ NIL)**

**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 ₹225.00 & ₹ 73.73 lac respectively (previous year ₹ Nil & ₹ 73.80 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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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, 2020		Mar, 2019	
INR	+50	85.87	+50	97.35
INR	-50	-85.87	-50	-97.35

### 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	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, 2020		Mar, 2019	
INR	+5%	0	+5%	0
INR	-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**

(₹ in Lac)

Particulars	As 31st March, 2020		As 31st March, 2019	
	Upto Six Months	More than Six Months	Upto Six Months	More than Six Months
Secured	-	-		
Unsecured	16,316.57	94.02	17,452.88	139.57
<b>Total</b>	<b>16,316.57</b>	<b>94.02</b>	<b>17,452.88</b>	<b>139.57</b>

**C 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, 2020:

(₹ in Lac)

Particulars	Less than 1 year	1-2 years	2-4 years	More than 4 year	Total
Borrowings	18,157.37	1,078.89	3,074.83	1,893.80	24,204.89
Trade payables	10,384.54	-	-	-	10,384.54
Other financial liabilities	542.73	-	-	-	542.73
<b>Total</b>	<b>29,084.64</b>	<b>1,078.89</b>	<b>3,074.83</b>	<b>1,893.80</b>	<b>35,132.16</b>

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

(₹ 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	-	-	-	742.06
<b>Total</b>	<b>31,721.58</b>	<b>390.00</b>	<b>845.93</b>	<b>3,082.85</b>	<b>36,040.36</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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

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)

	Mar, 2020	Mar, 2019
Borrowings	24,204.89	24,711.33
Share Capital	5,670.90	5,670.90
Reserves and Surplus	69,446.29	65,818.19
Equity	75,117.19	71,489.09
<b>Debt Equity Ratio</b>	0.32 : 1	0.34 : 1

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

## 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-2020		March-2019	
		Current	Non-Current	Current	Non-Current
<b>Opening balance of Contract liabilities</b>	17	8,131.64	3,178.50	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		-3,977.96	-1,768.14	27.95	-243.10
<b>Closing balance of Contract liabilities</b>	17	4,153.68	1,410.36	8,131.64	3,178.50

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

(₹ in Lac)

Particulars	Note Ref.	March-2020		March-2019	
		Current	Non-Current	Current	Non-Current
<b>Opening balance of Contract assets - Security deposit &amp; Retention Money with Clients</b>	4	16,583.17	642.86	17,355.60	802.21
Add: Amount of Discounting Reversed on Transition					
Add: Net Addition in balance of contract assets for current year		150.06	103.97	-772.43	-159.35
<b>Closing Balance of Contract assets - Security deposit &amp; Retention</b>	4	16,733.23	746.83	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-2020		March-2019	
		Current	Non-Current	Current	Non-Current
<b>Contract Assets Related to Sale of Service:</b>					
Unbilled Revenue					
Trade Receivables	8	16,410.59		17,452.88	
Security Deposit & Retention Money	4	16,733.23	746.83	16,583.17	642.86
<b>Contract Liabilities Related to Sale of Service:</b>					
<b>Revenue Received in Advance:</b>					
- Project Management Consultancy (PMC)					
- Engineering, Procurement and Construction (EPC)	17	4,153.68	1,410.36	8,131.64	3,178.50

## 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. Disclosure as per Ind AS 116 'Leases'

## (A) Transition to Ind AS 116

- (a) Effective 1 April 2019, the Company adopted Ind AS 116 'Leases' and applied the standard to all lease contracts existing on 1 April 2019, using the modified retrospective method. Accordingly, the comparatives as at and for the year ended 31 March 2019 have not been restated. On the date of initial application, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of initial application and a corresponding right-of-use asset adjusted for the amount of prepaid or accrued payments on the lease.
- (b) The Company has applied the following practical expedients on initial application of Ind AS 116:
  - (i) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
  - (ii) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
  - (iii) Excluded the initial direct costs, if any, from the measurement of the right-of-use asset at the date of initial application.
  - (iv) Elected to use the practical expedient not to apply this Standard to contracts that were not previously identified as containing a lease applying Ind AS 17. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
  - (v) Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020

- (c) On transition to Ind AS 116, the Company has recognised lease liabilities and equivalent amount of right-of-use assets amounting to Rs 312.29 Lac Further, lease hold land ₹ 801.37 Lac have been classified/reclassified and presented as Right-of-use assets on the Balance Sheet.
- (d) On transition to Ind AS 116, the weighted average incremental borrowing rate applied to lease liabilities recognised under Ind AS 116
- (e) The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

(₹ in Lac)

Particulars	Amount
Operating lease commitments as at 31 March 2019 (future minimum lease payments in respect of non-cancellable leases)	509.01
Less: Effect of discounting on above	196.72
Discounted recognised lease liabilities as at 1 April 2019	312.29

## (B) Company as Lessee

### (i) The Company's significant leasing arrangements are in respect of the following assets:

Premises for Offices used on lease which are not non-cancellable and are usually renewable on mutually agreeable terms.

In respect of leases above, the carrying amount of the right-of-use asset and the lease liability at the date of initial application is the carrying amount of the lease asset and lease liability immediately before that date measured applying Ind AS 17.

### (ii) The following are the carrying amounts of lease liabilities recognised and the movements during the period:

Particulars	For the Year ended 31 March 2020
Opening Balance	312.29
- Additions in lease liabilities	-
- Interest cost during the year	33.12
- Payment of lease liabilities	-48.94
Closing Balance	296.47
Current	17.65
Non Current	278.82

### (iii) Maturity Analysis of the lease liabilities:

Contractual undiscounted cash flows	As at 31 March 2020
3 months or less	4.23
3-12 Months	13.41
1-2 Years	21.56
2-5 Years	102.88
More than 5 Years	154.39
Lease liabilities as at 31 March 2020	296.47



## (iv) The following are the amounts recognised in profit or loss:

Particulars	For the Year ended 31 March 2020
Depreciation expense for right-of-use assets	35.02
Interest expense on lease liabilities	33.12
Expense relating to short-term leases	175.58

## (v) The following are the amounts disclosed in the cash flow statement:

Particulars	For 31st March 2020
Cash Outflow from leases	48.94

- 48.** There are no significant subsequent events that would require adjustments or disclosures in the Financial Statements as on the Balance Sheet date.
- 49.** The outbreak of COVID 19 pandemic globally and in India has caused significant disturbance and slowdown of economic activity. Company has made an initial assessment of the likely adverse impact of the same on the business and financial risks. Management as at the date of approval of these financial results, expects to recover the carrying amount of all its assets including inventories, property, plant & equipment, trade receivables in the ordinary course of business as at balance sheet date and has conclude that that there is no material adjustments required in the financial statements.
- Management believes that its impact is likely to be short term in nature and does not anticipate any medium to long term risk in the Company's ability to continue as Going Concern and meeting its liabilities as and when they fall due. However, the impact assessment of COVID-19 is a continuing process considering uncertainties involved therein, therefore, the company continues to monitor changes in future economic & business conditions.
- 50.** 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.

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: 11/08/2020  
UDIN:20511322AAAADP6540

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

**Pradeep Kr Garg**  
Managing Director

**Ashutosh Gupta**  
Whole-time director

**Jitendra Kr Saini**  
CFO

**Rakhi Singh**  
Company Secretary

[illegible]





**NKG INFRASTRUCTURE LIMITED**  
Registered Office  
204, Kailash Building, 26 K.G. Marg,  
New Delhi - 110001  
Tel: +91-11-47682800,  
Fax: +91-11-47682801  
Email: [nkg@nkginfra.com](mailto:nkg@nkginfra.com)