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IRCON International Limited
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Developed by:



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CARING FOR PEOPLE, PLANET AND SOCIETY

2013 Sustainability
Report

**BUILDING
THE FUTURE**

IRCON INTERNATIONAL LIMITED



About the report

This sustainability report is issued by Ircon International Limited and is intended to present sustainability efforts and performance of the Company to its stakeholders. The reference period is April 2012 to March 2013. The scope of the Report primarily includes performance of company on key aspects of sustainability viz. Environmental, Social and Governance. The Report covers in detail the activities conducted by IRCON in Corporate Social Responsibility (CSR) domain and assesses the impact on stakeholders through its CSR initiatives. The Report follows the internationally adopted process for reporting on sustainability and for that matter Department of Public Enterprise (DPE) guidelines has been referred to while developing the report. In addition, the Report also covers the performance of the Company during the reporting period and sustainability processes adopted in the key areas of the organization which includes human resource management, supply chain management etc. The Report also maps the organization's progress with regard to compliance of UN Global Compact Principles, UN Millennium Development Goals & OECD guidelines.

Chairman's Message



Mohan Tiwari
Chairman & Managing Director

We are pleased to present you the First Ircon Sustainability Report. Investing in Corporate Social Responsibility (CSR) or sustainable development is no longer a question of choice. It is the only option. The conventional way to measure the success of a business was in the bottom line. But the concept of a triple bottom line, where social and environmental factors are considered along with economic ones is the need of the hour. Triple bottom line thinking holds that a company should combine standard metrics of financial success with those that measure environmental stewardship and social justice. It requires thinking of Four Pillars that concern the business -the Marketplace, the Workplace, Society and the Environment. Ircon being an international organization has incorporated these pillars in its overall strategy. We have taken several steps in this direction.

I would like to draw your attention to the initiatives taken by the Company in the areas of good Corporate Governance, Corporate Social Responsibility, Sustainable Development, etc. In line with UN Compact Program, the Company has put in place, during the year 2011-12 itself,

a formal Fraud Prevention, Detection, and Control Policy along with a Whistle Blower Policy as well as a Board Charter which contains the Corporate Governance Objectives and Role & Responsibility of Directors and the Management. This apart, your Company is duly complying with the DPE Corporate Governance Guidelines. Your Company is aware of its social responsibilities, and has spent about Rs. 10.73crores towards CSR and sustainability activities comprising development of infrastructure and other logistics in ITI Dholpur, Upgradation of School Buildings disbursement of books, bags, fees, etc. to school students; provision of solar lights; establishment of primary health centre and providing medical Equipments, ambulance; rural roads development, plantation/ maintenance of park, etc., in the vicinity of Ircon's projects/ offices during the year. A report on the initiatives taken by the Company in the area of CSR & sustainable development during 2012-13 has been attached to the Directors' Report. Recently, your Company has taken steps towards spreading awareness and training on sustainable development. Your Company which was already certified for Quality Management System – ISO 9001:2008 and Environmental Management System – ISO 14001:2004, is now certified for Occupational Health & Safety Management Systems(OH-SAS 18001) too. As we go forward we plan to exemplify the Best Global CSR Practices and show case IRCON as an example to emulate. In years to come, we will implement ISO 26000 framework for CSR & Sustainability and also follow GRI framework for reporting. We as an organization have managed to build an exemplary relationship between our business operations and its responsibility towards society at large, as you will see in this report. We have adopted a robust human resource policy for employees.



We believe that Sustainable Development as a business model is an important competitive advantage for us and will help strengthen customer trust, attract talented people, and forge mutually beneficial ties with the society at large. ■

Contents

05 | Ircon International Limited: Company Profile

- About the company
- Milestones
- Awards & Recognitions
- Company Performance

20 | Environment, Health & Safety

07 | Sustainability at IRCON

- Sustainable development (SD) plan & policy
- SD Activities (2012-13)
- Budgetary allocations & expenditure
- Corporate Social Responsibility initiatives
- Rural Infrastructure works
- Stakeholder engagement
- Skill development

22 | Responsibility towards Products & Services

- Quality & Safety
- R & D and Design



16

Corporate Governance & Compliance

- Company's philosophy on Corporate Governance & Key values
- Board of Directors
- Fraud Prevention & Detection Policy
- Disclosures

18

Human Resources Management

- Talent Management
- Employee engagement & work life balance

23

Impact of Initiatives

- Education
- Healthcare
- Solar Lights
- Skill development

25

Persistence towards Global Goals

- Goals (MDGS)
- Human Rights
- Labour Standards
- Environment
- Anti-corruption



1.0

Ircon International Limited: Company Profile

IRCON has completed 324 landmark infrastructure projects in India and 113 projects across the globe in 23 countries . The company has been consistently winning a series of prestigious awards both national and international. Its success story has been recognized year on year by a range of independent bodies, both for the quality of our work and consistent performance.

HERE ARE SOME OF OUR MOST TREASURED AWARDS IN THE RECENT PAST

Construction World	"One of India's most Admired Construction Company"	2009
Essar Steel and E-18 and CNBC-TV 18	"Infrastructure Excellence Award" in Railway Category	2009
"India pride Awards" by DainikBhaskar and Daily News & Analysis (DNA)	Silver Trophy for excellence in Central PSU in Transport	2010
	Gold Trophy for excellence in Central PSU in Infrastructure Development	2011
Construction Industry Council (CICD)	CICD Vishwakarma Award 2012 of best professionally managed company with turnover of Rs. 1000 crores	2012
Dun & Bradstreet	India's Top PSU Award 2012 of Best PSU in Engineering & Construction	2012-13
44th National Awards EEPC INDIA	Silver Trophy for Export Excellence for the year 2011-12	2012-13
Institute of Public Enterprises	Global HR Excellence for CEO with HR Orientation	2012-13

IRCON is a specialized Construction organization with a vision to be comparable with the best in the field covering the entire spectrum of construction activities and services in the infrastructure sector. However, Railway and Highway Construction, Electric sub-station (engineering and constructions), and MRTS are the present core competence areas. IRCON operates not only in a highly competitive environment but also in difficult terrains and regions in India and abroad and is an active participant in prestigious nation building projects.

The Company was the first to get the ISO-9001:2008 Certification from TUV Germany for its full range of construction activities.

MILESTONES

The Company has completed 324 landmark infrastructure projects in India and 113 projects across the globe in 23 countries namely, Algeria, Afghanistan Bangladesh, Brazil, Ethiopia, Indonesia, Iran, Iraq, Jordan, Liberia, Malaysia, , Mozambique, Myanmar Nepal, Nigeria, Saudi Arabia, Sharjah, Syria, Sri Lanka, Tanzania, Turkey, United Kingdom and Zambia.



AWARDS & RECOGNITIONS

Ircon's success story has been recognized year on year by a range of independent bodies, both for the quality of our work and consistent performance. The company has been consistently winning a series of prestigious awards both national and international. These achievements are a testament to our employees, and serve as a beacon for future performance. IRCON has been a consistent winner of the "Highest Foreign Exchange Earner Award" in the construction sector. Ircon has won 23 Awards in all from Engineering Export Promotion Council. Ircon has won 45 Awards of Excellence in all for Maximum Foreign Exchange Earned and Repatriated to India from Overseas Service Contracts and for attempts made at getting new projects abroad.

COMPANY PERFORMANCE

The organization exhibited an impressive financial performance in 2012-13 wherein the company had a quantum jump of 55% in profit after tax from Rs. 470 crores in 2011-12 to 730 crores in 2012-13 and an increase of 69% in profit before tax from Rs.602 crores in 2011-12 to Rs.1015 crores in 2012-13. The impressive profitability came in the backdrop of a modest increase of 18% in turnover from Rs. 3782 crores in to Rs. 4481 crores in 2012-13. The increased turnover has been predominately from Domestic projects contributing nearly 51 % in the last one Year. Further, the operating income from projects in the railway sector has also been consistently increasing from 64% in 2010-11 to 92% in 2012-13 as against the operating income from highway sector which has declined from 29% in 2010-11 to 5% in 2012-13.

During the last five years, your Company has recorded a compounded growth rate of 16% in terms of turnover and 44% in terms of profit before tax. ■



2.0

Sustainability at IRCON

The key drivers for adding optimum value to society and the communities in which Ircon operates is through having strong commitment to corporate and social governance, having an open dialogue with external stakeholders and having the determination to achieve environmental sustainability.

SUSTAINABLE DEVELOPMENT (SD) PLAN & POLICY

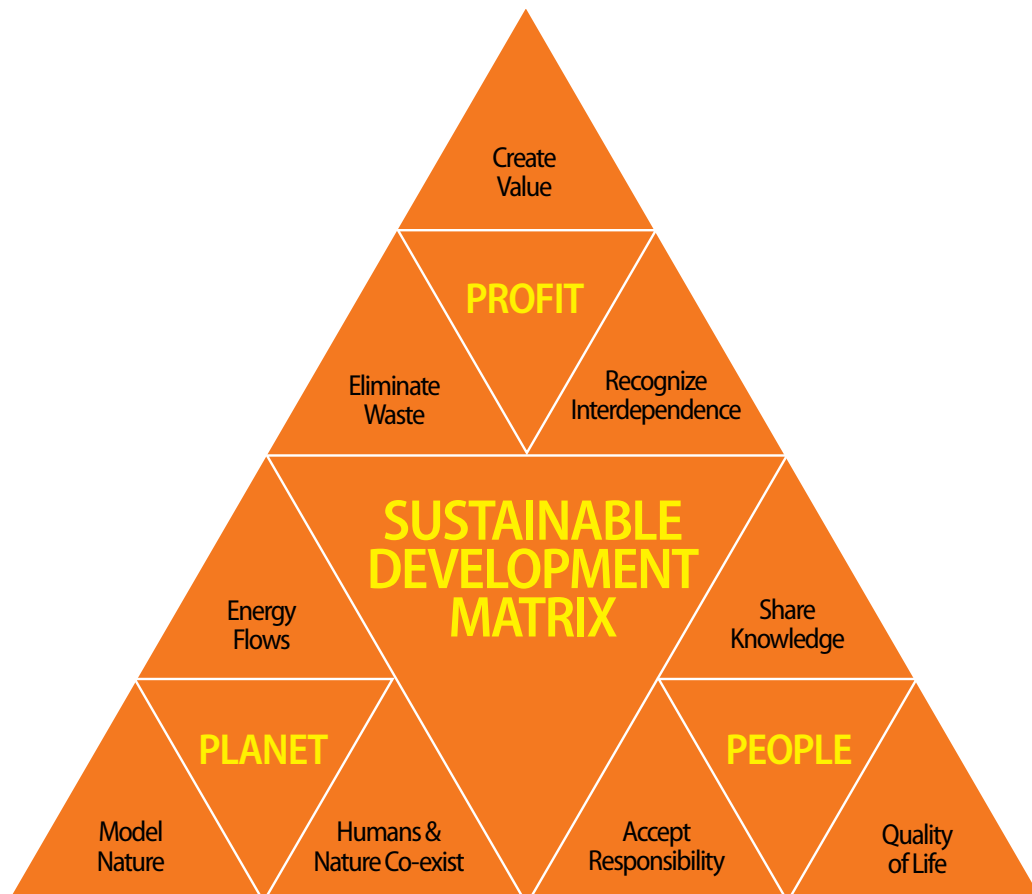
The Company has a Board of Directors approved SD Plan for the Company which aims to integrate environmental considerations into its business planning and decision making processes including Project Research and Development, diversifications, etc. The Company has a Board level CSR & SD Committee headed by an Independent Director who finalizes the SD plan. The SD Policy of IRCON aims to:

- Develop and implement sustainable development plan for energy
- Take measures to mitigate air, water, land, and noise pollution.
- Ensure that all employees understand and become fully aware of the requirement of sustainable development.
- Incorporate sustainable development parameters in planning & design of projects and continually improve the same.
- Management, water management, waste management, and material & natural resources management at its projects and offices.



SD ACTIVITIES (2012-13)

The key drivers for adding optimum value to society and the communities in which Ircon operates is through having strong commitment to corporate and social governance, having an open dialogue with external stakeholders and having the determination to achieve environmental sustainability. Ircon has made significant commitment to enhance its performance in community issues, to encourage and support employees in various





community activities and to ensure that the whole corporate organisation acts as a good and responsible corporate citizen.

The SD activities identified under MoU for 2012-13 between IRCON and Ministry of Railways are as outlined below:

- **Sequential Batch Reactor (SBR) type Sewerage Treatment Plant (STP)** This system working on extended aeration activated sludge principle for BOD reduction, save 20%-30% power as compared to other systems. This system is suitable for variable inflows and has less maintenance/running cost.
- **Providing new type rain water harvesting system** at Lalganj, Rae-Bareli.

This system is an improvement over the normal rain harvesting system and is provided with separate cell for grease/silt trap. Tubular media provided in the system enables settlement of finer silt to allow clear water percolation in ground. It has higher percolation rate and require less maintenance as compared to other filter type system.

- **Provision of Pipe light:** Pipe light is developed as an alternative to FRP/ Poly carbonate sheets for permitting sun lights in the work shop sheds. Provision of pipe lights are effective for providing sufficient lights for workers during day time and conserve the electrical energy for lighting purpose. As an additional benefit over FRP sheets, thermal effects of sunlight are reduced to ensure better comfort to the workers. These lights are provided at workshops at RCF Raebareli and Greater Noida workshop of Ircon.
- **Training of employee on aspects of SD**
Training of employees, officials and other stakeholders were held during the year to sensitize them about the need for sustainable development, proposed activities during the year and improve the awareness of the subject. Such programs were held at Lucknow, Lalganj, Raebareli, &Saket.
- **Training of local community and other stakeholders**

BUDGETARY ALLOCATIONS & EXPENDITURE

As against allotment of Rs. 87 lacs for SD activities during 2012-13 an amount of Rs. 90.04 Lacs has been spent on sustainable development activities.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

CSR is part of Ircon's core business. Ircon focuses its corporate activities on value creation in the long term in the three dimensions i.e. people, planet and profit, and enters into a dialogue on this with its stakeholders.

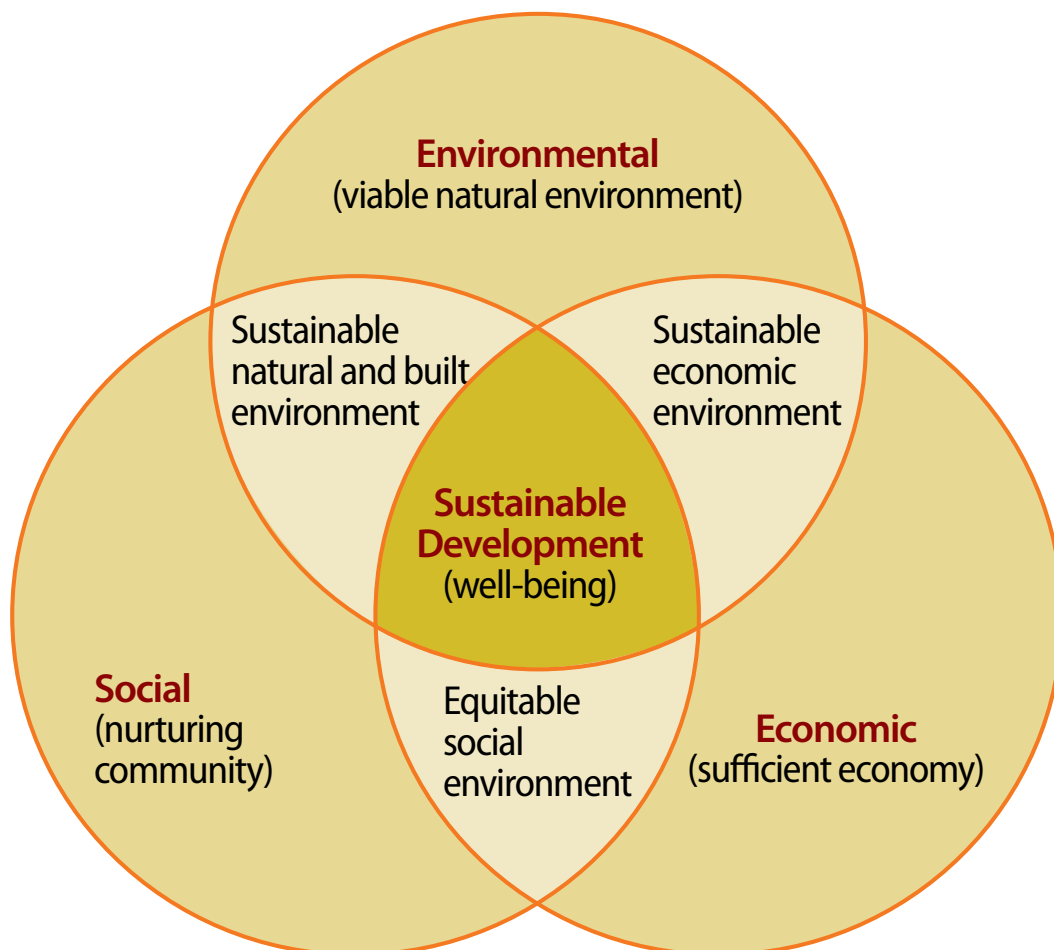
STAKEHOLDER ENGAGEMENT

At IRCON, we take our role in business sustainability, creation of responsible infrastructure and nation building very seriously. To this end, we regularly engage in collective action, advocacy and public policy discussions at the highest level of our management. Over the past year, we continued engaging our stakeholders

along existing channels of interactions. The process of identifying our most significant stakeholder categories has been largely internal so far. Going forward, we intend to make our existing engagements more robust and enhance our discussions on sustainability issues of mutual significance.

IRCON has undertaken a multitude of CSR initiatives in different domains which include:

- Health
- Education
- Rural infrastructure
- Skill development & Capacity building



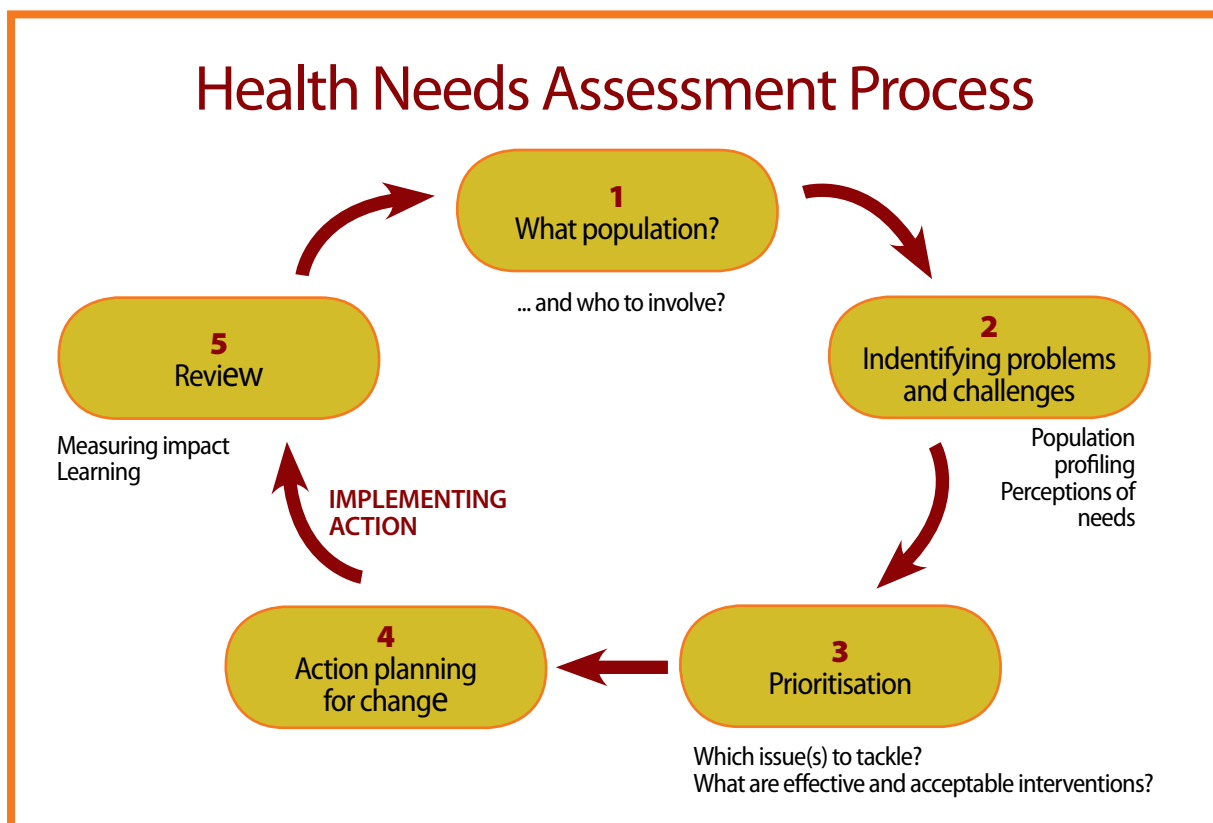
HEALTH CARE

The health of the community very often reflects the health of its businesses. At minimum, a social responsibility policy adopts sustainable business practices that do no harm to a community's environment and people. At its best, a social responsibility policy builds lasting and meaningful relationships with customers, employees and the public. Taking the broader community needs into account is often beneficial to a business's financial well-being. Creating long-term partnerships with the community, and avoiding environmentally and socially damaging short-term solutions, secures enduring economic stability. It is everyone's wish to lead a healthy life regardless of his or her social status. But in reality, many citizens from poor families living in rural areas lack the necessary healthcare. Health and social care services provide better prevention services with earlier intervention. Ircon recognizes a profound sense of responsibility to contribute in

every way possible to the health and well-being of the communities. It helped:

- Improve and expand access to and utilization of primary and preventive health care in underserved communities.
- Create a culture of civic engagement and volunteerism in community health centers to augment and strengthen primary and preventive health care for the underserved.
- Foster collaborations and partnerships that ensure the continuity and sustainability of the Community HealthCorps and community health centers.

Reiterating its commitment to improving the health and well-being of the community, Ircon has taken up several CSR initiatives in improving the Health of the communities around the project sites at a total cost of Rs. 290 lacs.





(i) Organizing the health camps and distribution of free medical accessories/ appurtenances.

An important feature of our healthcare initiatives is organizing health camps in rural and urban villages as part of our commitment towards a healthy India. This also helps to have a comprehensive health information dissemination programme, to impart health education and sensitize communities on various preventive and promotive health care issues.

Free Medical Health Check-up Camps were organized at Banihal (J&K), Raebareli(U.P.), Sivok (W.B.) and Jaipur & Sikar (Raj) for general public specially women, aged and school children. More than 3,500 villagers/school children benefitted from free consultation provided by specialist doctors consisting of Dentist, ENT, Orthopedics, Gynecologist and Child specialist. At the medical checkup camp organized through Government Hospital, Banihal, 1623 women were examined by specialist doctors, including supply of medicines.

(ii) Providing ambulances to Hospitals to enable transport of rural/remote area patients to nearby Hospitals.

In rural areas two ambulances have been provided to enable transport of rural/remote area patients to nearby Hospitals. This is in addition to the five Ambulances provided earlier. IRCON has provided total seven ambulances so far at the following places -

- i) Banihal(J&K) -2 Nos.
- ii) Lalganj (Raebareli, UP) -1 No.
- iii) Sivok (West Bengal) -1 No.
- iv) Ringus (Raj.) -1 No.
- v) Sri Lanka -2 Nos

(iii) Supply of medical equipments to the hospitals

In order to augment the existing capacity of the Government hospitals, medical equipments have been provided to the hospitals located in remote areas at a cost of Rs. 188 lacs.

DESCRIPTION OF EQUIPMENTS:

Five Govt health units under Sub Divisional Hospital Banihal:

- 300MA X-Ray machine-4 No
- C-Arm X-Ray machines – 2 no.
- ECG machine-Five Nos.
- Ultrasound – Five No
- Digital Microscope –Ten no

Govt. hospital, Reengus (Rajasthan)

- Cell Counter– One
- Oxygen Concentrator- One
- BabyWarmer - One
- Ambulance- One
- Oxygenerator – One
- Three way ECG machine with display - One
- Baby Suction Machine - One
- Nebulizer - One
- AC1.5T - One

District hospital Pawta, Jodhpur:

- ECG machine- Two
- Portable Ventilator- Two
- Blood Bank Refrigerator-Two
- C- Arm –X-ray machine)- One
- Techno Ventilator- One
- Suction Machine- Three
- Surgery Chair- One

Lalganj Hospital under district Raebareli (U.P.)

- AC- 3 Nos.
- Stretures= 5 Nos.
- 30 KVA Silent DG Set - 1Nos.
- Solar Lights-20 Nos.
- Ceiling Fans-25 Nos.
- Wheel Chairs- 3Nos.
- Stainless Steel Waiting Chair-20 Nos.

J.K. Lon Hospital in Kota (Raj.)

- Color Dopplor machine
- Digital X-Ray machine
- PBM Hospital at Bikaner (Rajasthan)

Medical facilities for women & Child Hospital at Chittaurgarh (Rajasthan).

- Neonatal Resuscitation Unit-1
- New Born care unit- Two units
- Multi-Para Monitor - Three
- Infusion Pump - Three
- Baby Weighing Machine- Three
- Vacuum Cleaner – Four
- Oxygenating System-One
- Servo controlled Radiant Warmer-Two
- LED Double Surface Phototherapy- Two
- Pulse Oxemeter- Four
- Silent DG Set- 15 KVA – One
- Air Conditioner – Six
- Digital CPAP (RESQ-PAP)- Two



(iii) Operation of Health Units at Project Sites

As part of stakeholder's need and aspiration, IRCON has set up five health units, to meet the medical needs of the villages around the project sites. Free consultation & medicines are provided to needy patients in these health units. These units are operational at following locations.

- Banihal (J&K) 1 No.
- Lalganj (Raebareli) (UP)
- Sivok (WB)
- Mankulaqm (Sri Lanka)
- Medawachchiya (Sri Lanka)

EDUCATION

One of the most significant indicators of social progress is education, which also plays a decisive role for a society to achieve self-sustainable and equal development. With an increasing realization of how business community can (and should) contribute to social objectives, education deserves a higher level of corporate involvement than status quo. Therefore, Ircon International has recognized Primary education as one of the top priorities by the United Nations as a significant dimension of the goal toward which human beings should head, only second to eradicating extreme poverty. The New Company Bill 2013 and Department of Public Enterprises Guidelines also have stressed education as one of the corner stone of CSR Guideline.

As the business case for CSR gains ground, companies are increasingly incorporating CSR initiatives in their core business strategies.

The emerging CSR perspective on addressing issues of poverty and exclusion (of communities) constitutes a strong case for enhancing the employability in terms of skill development training. Ircon understands the role of CSR in education and in mitigating the skills gap is therefore multi-faceted, with considerable experimentation, and learning-by-doing along the way. In the process, the individuals, companies, and society at large are likely to benefit. The challenges



in addressing the skill gaps are multi-dimensional and require cooperative efforts by all stakeholders. Therefore, Ircon International has collaborated with ITIs and other educational institutions for providing the foundation for manpower development, for India's emerging knowledge economy. The company believes that corporate social responsibility (CSR) initiatives,





through partnerships at the local level, and not-for-profit sector, can play a vital role in enabling increased access to education.

IRCON has taken up several projects under CSR at a total cost of Rs. 245 lacs spread over J&K, UP, Bihar and west Bengal with an aim to improve education infra-structure in the backward areas. Some of the key activities in education domain include:

(i) Distribution of School Bags & Stationery

School bags and stationery have been distributed among school children in 13 schools in Banihal (J&K) and in Raebareli District (UP). School Bags, Copies, Registers, Pencil Box and Geometry Boxes were distributed among 3200 school children in Banihal (J&K) and Lalganj, Distt. Raebareli (UP). This has been appreciated by public and media at large and has positive impact in bringing down the drop-out rate of the students.

(ii) Upgradation of infrastructure of Schools

Existing schools buildings were re-build/renovated at Phena and Bheriari in Bihar in addition to provision for sanitary toilet for girls at Jodhpur as per following

details:

- Rebuilding Primary School Bheriari by constructing three class rooms, teachers room, renovating existing rooms, boundary wall etc
- Rebuilding Primary School at Phena by constructing five class rooms, teachers room toilets, drinking water etc
- Girls Toilet at four schools in Jodhpur
- Boundary Wall, Toilet etc. in four schools at Sivok(WB)
- Girls Inter College at Raebreli

(iii) Improvement of Infrastructure by supplying of furniture & equipments.

In order to upgrade class room facilities for the students, furniture was provided at following schools:

- Supply of Benches to Middle School, Ranapur, Vaishali & Primary School Pacheya, Nardiganj, Bihar
- Supply of 40 fans, 19 steel racks & 16 solar lights to 11 schools in Lalganj Area(U.P)
- Computer Room, furniture & five computers in five schools in Kalutera (Srilanka)
- Supply of desk and benches to four schools along with construction of Boundary walls at Sivok in WB

RURAL INFRASTRUCTURE WORKS



IRCON has taken up several projects under CSR at a total cost of Rs. 425 lacs spread over J&K, UP, Bihar and west Bengal with an aim to improve road connectivity in remote/backward areas of nearby project sites in backward areas.

(i) Providing Shelters, Community Centers, Solar Ligts, drinking water etc.

- Community Hall at Welipana , Matugama and Sri Lanka
- Community hall at Raebareli (costing Rs. 75 Lacs) in progress
- Library Room with furniture and books at Kalutara , Srilanka
- Steel Benches under shelter, Srilanka
- Bus shelter, Lalganj, U.P
- Public park at Varanasi
- Solar Lights in villages of Sumber, Kohli, Harogetc (J&K)- 12 No.
- Providing solar powered water pumps in villages at Raebareli (U.P)

(ii) Upgradation of Roads.

In order to provide smooth all weather connectivity to rural areas around project vicinity villages, we have taken up upgradation of existing katcha pathways /



roads by providing connecting roads. All weather access roads provides better opportunity for economic and social development of the area

Details of some activities are indicated below:

- Up- gradation of Banihal-Lamber road (J&K)-2 KM
- Providing 1 m wide concrete pathway at Sumber, Diggdole, Urnihal and village Chareel (J&K)
- Road & Projection work at Nallah near GulabBagh Upper (J&K)
- 7 village roads in various districts of Chapra, vaishali, Rohtas, Aurangabad, Nawada and Patna in Bihar (4.480 Km)

SKILL DEVELOPMENT

Skill development has been identified as a key activity under CSR. The Skill development trainings are being imparted to the unemployed youth in the vicinity of the project site in trades related with construction fields as well as to improve the income generation of the local youths.

- **Boys Hostel at ITI Dholpur:**

IRCON has adopted the ITI Dholpur under PPP model for infrastructural development of the ITI to enable the students acquire skills for industry and better employability. One 32 bedded hostel for boys has been constructed at a cost of Rs. 50 lacs to enable the rural students who are staying at far off places in town in private accommodations, for staying in the campus.

- **Employment Enhancement training**

Details of activities are as under:

- Training of women in tailoring and embroidery at Bankoot, Banihal (J&K).
- Training of tailoring & designing handicrafts at Kishavganj & Basant Lanes at Delhi .
- Training in artisan trades, ie mason, carpenters, barbender, at Lalganj Raebreli (UP)
- Training in field survey at Banihal (J&K)



- **Upgradation of Existing Training Institutes**

- Addition equipment / furniture, computer, desks, storage units, electrical appliances worth Rs.10 Lacs were provided to the ITI Ramban and Banihal to upgrade existing infrastructure.
- Contribution towards setting up the campus of Asian Institute of Transport Development , New Delhi at Dwarka.
- Contribution towards upgradation of sports infrastructure at Motilal Nehru National Institute of Technology, Allahabad. ■





3.0

Corporate Governance & Compliance

The code of corporate governance at Ircon is "To be professional, Profitable and Accountable with excellence in every sphere of activity of the Company". The Company has in place a Code of Conduct for Board members and for Senior Management and also Key Values for the Company as a whole.

Corporate Governance & Compliance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE & KEY VALUES

The code of corporate governance at Ircon is "To be professional, Profitable and Accountable with excellence in every sphere of activity of the Company". The key values of the Company formally adopted by the Board of Directors are:

- Constructive approach
- Working as a team
- Excellence in performance
- Probity in work and dealings
- Being responsible and accountable

BOARD OF DIRECTORS

Composition of Board of Directors

Present strength of the Board of Directors is eight comprising three independent directors, four whole-time directors (Chairman cum Managing Director, Director Finance, Director Projects, and Director Works) and one government nominated [part-time (official)] director. Independent Directors constitute one third of the total strength which is in conformity with section 292A of the Companies Act, 1956, DPE Corporate Governance Guidelines (DPE CG Guidelines), as well as Mini Ratna requirements of DPE.

Code of Conduct for Board members and senior management of the Company and key values for entire organization

The Company has in place a Code of Conduct for Board members and for Senior Management (i.e Directors, CVO, Additional General Managers and above, and Project/ Functional Heads) and also Key Values for the



Company as a whole. These codes came into effect from 1st April, 2005 and have been posted on the website of the Company.

Fraud Prevention & Detection Policy

The corporate policy for fraud prevention & detection is established to facilitate the development of controls which will aid in the detection and prevention of fraud against the Company. It is the intent of the Company to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduct of investigations to oversee the best practices of Corporate Governance.

DISCLOSURES

There has been no related party transaction of material nature with potential conflict of interest. The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India in the preparation of Financial Statements. Deviations from Accounting Standards have been explained in self explanatory notes of the Financial Statements and also in Directors' Report under the heading "Compliances". The Company informs the Board every quarter about the risks associated with its projects in risky areas and foreign exchange management. Details pertaining to risk management have been given in Management Discussion and Analysis Report under the heading 'Risks and Concern'.

There is a Board approved Training Policy for Directors under which Directors are nominated for Development Programmes including Board Orientation Programmes for new Directors. ■





4.0

Human Resources Management

The Company aims to achieve the right size and right mix of human resource/ employees for the organization. Since your Company is a project based company, manpower requirements vary from year to year. IRCON has a very low rate of attrition as compared to other organizations in construction industry. For the year 2012-13, the attrition rate was only 4.6 %.

Human Resources Management

TALENT MANAGEMENT

The Company aims to achieve the right size and right mix of human resource/ employees for the organization. Since your Company is a project based company, manpower requirements vary from year to year. Therefore recruiting employees on deputation, contract, and service contract become necessary to fill the project specific requirement gap. Recruitment strategies have been re-engineered to make them more in line with the overall strategy of the Company.

There has been a significant increase in number of employees hired on contract/ service contract basis during the last year.

This ensures availability of technically qualified staff as and when required at various projects without putting pressure on the regular stream of the Company.

Training programmes are designed so as to enhance both technical and managerial skills of employees. Employees are also provided training before promotion to make them capable of getting through the promotion processes and to ensure that they have a better understanding of working processes and responsibilities at higher levels.

A Performance Management System based on the Second Pay Revision Committee recommendations is in place which focuses on Key Result Areas for all projects and functions in line with the goals, objectives, and targets for the Company under the Memorandum of Understanding signed with the Ministry of Railways. The Company offers the benefits of Contributory Provident Fund, Gratuity, and Post retirement Indoor Medical benefits through a Medical Trust.

Cordial and harmonious industrial relations prevails in the Company. Your Company has been continuously taking steps for human resource capacity building through training in functional and general management areas, information technology, as well as soft skills. Fresh recruits are given induction training.

External faculty is arranged wherever required. In addition, officials are nominated for workshops, seminars, etc. with reputed institutes. IRCON has a very low rate of attrition as compared to

other organizations in construction industry. For the year 2012-13, the attrition rate was only 4.6 %.

Total 1270 mandays training (technical and other) was provided to employees during 2012-13.

EMPLOYEE ENGAGEMENT & WORK LIFE BALANCE

IRCON has various schemes for staff welfare like educational scholarships, one time educational grant for admission to professional degrees and diploma courses, educational awards, etc. to meritorious children of employees, educational assistance to the wards of deceased employees, marriage assistance for daughters and dependant sisters of group 'C' and 'D' employees, etc.

IRCON aims to provide congenial and safe working



atmosphere to women employees. The Company has a complaints committee for prevention of sexual harassment at work place which immediately attends to any complaint, even informal, so that problems are nipped in the bud.

The 37th Annual Day was celebrated on 28th April 2013 with traditional fervor and gaiety. On this occasion, exemplary work done by employees in Indian as well as foreign projects, and select projects was appreciated and rewarded. Educational awards to meritorious children of the employees were also given on this occasion.

Medical awareness programme was conducted at Corporate Office, Yoga classes were conducted separately for male and female employee at Corporate Office. The Gym has been set up at project offices at Banihal, Raebareli and Corporate Office.

As a system improvement programme voluntary resignation scheme was reopened for certain level of employees during the year 12-13. ■



5.0

Environment, Health & Safety

IRCON has a Safety, Health, and Environment (SH&E) policy, along with a SH&E Manual in place. During the year, the Company has initiated revision/ upgradation of the manual in order to meet the latest requirements pertaining to environment. Regular training programmes are organized on Safety, Health, and Environment Management System (EMS).

Environment, Health & Safety

ENVIRONMENT HEALTH & SAFETY

Various state of the art systems have been installed and environment friendly technology has been adopted in the Corporate Office building to conserve energy.

IRCON has a Safety, Health, and Environment (SH&E) policy, along with a SH&E Manual in place. During the year, the Company has initiated revision/ upgradation of the manual in order to meet the latest requirements pertaining to environment. Regular training programmes



are organized on Safety, Health, and Environment Management System (EMS). This year the focus was on requirement of Environment Management System and Safety. IRCON has also established an Environment Lab in Jammu for studying impact of construction activities on environment.

Quality Management (QM) department has successfully implemented Environment Management System, as per ISO 14001:2004, in October 2011. This certificate is valid for next three years. The Company has also been certified for Operational Health and Safety Management System (OHSAS- BS 18001:2007)

on 28th December 2012 by TUV SUD South Asia and it is valid upto December, 2015. This apart, awareness about conservation of energy among employees has resulted in steady reduction in energy consumption at various offices. Operational control procedures have been formulated to minimize the identified negative impacts on the environment.

Environment friendly equipments like solar heater/ solar lights are being installed in projects/ offices of the Company. Projects have also contributed in protecting environment through plantation of trees and control of air and water pollution, and implementation of EMS. ■

6.0

Responsibility towards Products & Services

Quality Management System (QMS) has been successfully sustained and continually improved since 1996 when the Company as a whole was first certified for ISO-9002-1994 by TUV Sudddeutschland Private Limited (TUV).

QUALITY & SAFETY

Quality Management System (QMS) has been successfully sustained and continually improved since 1996 when the Company as a whole was first certified for ISO-9002-1994 by TUV Sudddeutschland Private Limited (TUV).

IRCON has been re-certified by TUV in October 2011 after an audit, as per latest revised code ISO-9001-2008. Corporate Quality Council and Project Quality Council meetings are conducted quarterly at Corporate Office and projects respectively to review the implementation of QMS. The Quality objectives are measured and reviewed both at the Corporate and at the Project levels. Internal Quality Audit as well as Quality Assurance Audit are conducted every year in all offices and projects. Reports of these audits not only contain details of non conformities encountered during the audit but also the salient features, progress, positive points, if any, etc. There has been significant improvement in Testing facilities, labs, Master Quality Control Plan, and test records.

The new initiatives have been taken to introduce "Quality Assurance check" at the projects. Quality assurance checks are based on the "Master Quality Control Plan" prepared in Project Procedure Manual based on the activities to be executed at project.

TT&D AND DESIGN

IRCON does not undertake any pure research project but takes the help of consultants and firms to innovate and

to develop methods and techniques to execute projects in a cost effective manner, with requisite quality, to enhance the technological competence and efficiency.

R&D activities during the year involved indigenization of track laying equipments, development of competency in Environment Impact Assessment (EIA) study, etc. The Company has formulated a Plan which aims to establish R&D system for items pertaining to core areas with an objective to improve project delivery, to reduce costs, and for general business sustainability, with specific focus on the cutting edge technology and to improve the skills of technical manpower and supply chain management.

We have stringent policies and practices governing suppliers and transporters' registration, evaluation and selection. We also practice periodic evaluation of their performance.

The evaluation has clauses of cost effectiveness, quality delivery, health and safety practices and compliances, amongst others. We strongly prefer procurement of materials required at the project sites from locations in proximity. Not only will this create opportunities for livelihood during the project duration, but will also help the local suppliers to upgrade and maintain quality of products to cater to IRCON's quality standards. While we continue to define all procurements within India as local, we make every attempt at procuring most materials from in and around the project sites. ■



7.0

Impact of Initiatives

CSR is the way in which an organization strikes a balance between economic, social and environmental imperatives on the one hand and the expectations and welfare of the stakeholders on the other. This implies that social responsibility or rather its execution involves a well planned strategy. IRCON ensures that it fulfills its commitment to all the stakeholders.

EDUCATION

- Stationery distribution among school children in Banihal (J&K) and in Raebareli District (UP) has positive impact in bringing down the dropout rate of the students.
- Construction of cycle stand has benefited the students of weaker section of society.
- Construction of boys hostel at ITI Dhoulpur has been a great initiative to help children interact amongst themselves, with their peers and further develop self confidence.
- Construction of sanitized toilets blocks in schools also had a great effect improving hygiene and in lowering the dropout rates especially of girls. The easy accessibility of public toilets allowed the girls to come to school without any hesitation.
- Construction of playgrounds and other sports facilities in backward areas helped children show their talent. These infrastructure developments further initiated extra curriculum activities amongst children.
- Rebuilding of school Buildings at Phena and Bheriary has helped to provide to new enthusiasm among students.

HEALTH CARE

- The impact of creating health camps in rural and urban villages helped to have a comprehensive health information dissemination programme, to impart health education and sensitize communities on various preventive and promotive health care issues.
- In rural areas ambulances have been provided to enable transport of rural/remote area patients to nearby hospitals- allowing patients in underserved areas to access healthcare without having to travel long distances.
- A higher degree of accuracy in diagnosis due to collaboration with other physicians.



- Eliminating the physician's need to travel to partnering clinics for consultations
- Enabling medical knowledge sharing and collaboration with other physicians
- Allowing specialists to increase the volume of first-time patient visits and follow-up consultations
- Establishing valuable links to nurses and support staff that streamline workflow enabling researchers to collect study data from groups of unconnected providers

SOLAR LIGHTS

- In order to provide lights in remote places, solar-powered lighting has been provided to various districts across countries. These lights come in handy when electric supplies are not there or the supply is erratic. These solar powered lights are not only environment friendly but also energy saving.

SKILL DEVELOPMENT

- At IRCON, Skill development in specialized area is a key activity under CSR. The Skill development training being imparted to the unemployed youth in the vicinity of the project site in trades related with construction fields as well as to improve the income generation of the local youths.
- These Special programs providing skills and other support services have been successful in improving employment outcomes for disadvantaged youths. Providing such higher level skills will give benefits to the youth where an economy is producing jobs that demand Vocational education. Training camps have also helped widen the opportunities for young women in the villages, resulting in women empowerment where equal status and opportunities are provided to these women. ■



8.0

Persistence towards Global Goals

The Millennium Development Goals set time bound targets, by which progress in reducing income poverty, hunger, disease, lack of adequate shelter and exclusion – while promoting gender equality, health, education and environmental sustainability. IRCON is committed to the national endeavor cause of reducing extreme poverty and setting out a series of time bound targets mainly we need to replace pics..have you seen the earlier mails sent to you.

IRCON is committed to the national endeavor cause of reducing extreme poverty and setting out a series of time bound targets , with a deadline of 2015 that have become known as the Millennium Development Goals . In line with these objectives, Ircon has set out a forward path for meeting a sustainable development as per needs and aspirations of its stakeholders.

THE GOALS (MDGS) ARE:

- Achieve Universal Primary Education.
- Promote Gender Equality and Empower Women.
- Improve Maternal Health.
- Ensure Environmental Sustainability
- Develop a Global Partnership for Development.

“The Millennium Development Goals set time bound targets, by which progress in reducing income poverty, hunger, disease, lack of adequate shelter and exclusion – while promoting gender equality, health, education and environmental sustainability – can be measured. They also embody basic human rights – the rights of each person on the planet to health, education, shelter and security.



HUMAN RIGHTS

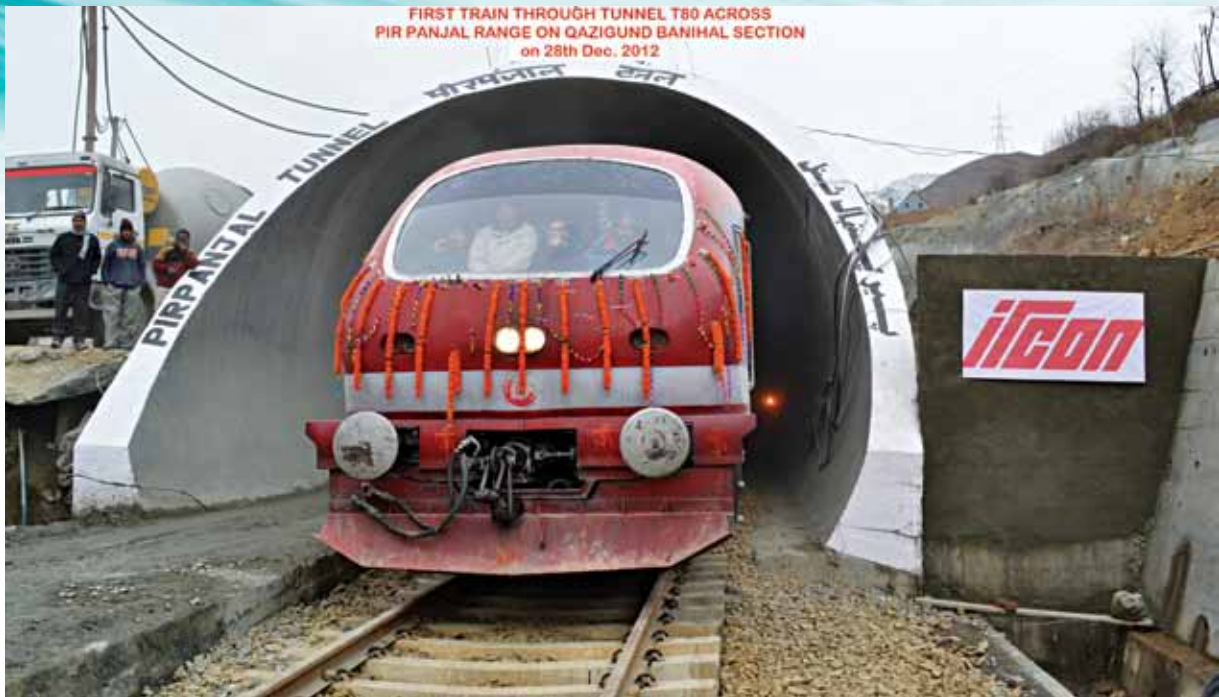
- We support and respect the protection of internationally proclaimed human rights; and
- We make sure that they are not complicit in human rights abuses.

LABOUR STANDARDS

- We uphold the freedom of association and effective recognition of the right to collective bargaining



Persistence towards Global Goals



- The elimination of all forms of forced and compulsory labour;
- The effective abolition of child labour, and
- The elimination of discrimination in respect of employment and occupation

ENVIRONMENT

- We should support a precautionary approach to environmental challenges;
- Undertake initiatives to promote greater environmental responsibility;

- Encourage the development and diffusion of environmentally friendly technology.

ANTI-CORRUPTION

- We work against corruption in all its forms, extortion and bribery.

UN GLOBAL COMPACT'S TEN PRINCIPLES

The UN Global Compact's ten Principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal declaration of Human Rights
- The International Labour Organisation's Declaration
- The RIO Declaration on Environment and Development
- The United Nations Convention Against Corruption.

IRCON embraces, supports and enacts, within its sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti corruption. ■

We Support UN Global Compact



UN Global Compact

The Global Compact is a worldwide contract between private industry, institutions and other groups in society. Participating members join forces around the world to master the challenges of globalization. Since its launch in 2000, the Global Compact has become the world's largest initiative for sustainable development. Ircon will comply with the ten principles of the UN Global Compact and renewed our pledge to put these principles into practice. We will disclose our compliance status with these Global Compact Principles in our Sustainability Report every year.

Cat.	Principle	Activity & Performance Index
Human Rights	1 Businesses should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> • Implemented training for human rights protection and ethical management • Implemented training for the prevention of sexual harassment Employee Training • Code of Conduct, Personnel Policy
	2 Businesses should make sure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> • Fair and equitable HR policies • Gathering Residents' Opinions
Labor	3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> • Free to join or withdraw from the union • Prompt notification to the union in advance of important changes to its business operations • Ombudsman's Committee
	4 Businesses should uphold the elimination of all forms of forced and compulsory labor	<ul style="list-style-type: none"> • Compliance with the Labor Standards Law, the ILO, collective agreement
	5 Businesses should uphold the effective abolition of child labor	<ul style="list-style-type: none"> • Compliance with the Labor Standards Law, the ILO, collective agreement
	6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> • Respect for Diversity • Employment of Local Residents • Development of Locally-Based Experts
Environment	7 Businesses should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> • Environmental Management Principles • Green Management Committee for an Enterprise-Wide Response to Climate Change • Training in Environmental Management
	8 Businesses should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> • Ecosystem Impact Assessments • Recycling of Resources • Biological Diversity Protection Policy • Establishment of Green Purchasing Guideline
	9 Businesses should encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> • Construction of Green Buildings and Cities Operated with New and Renewable Energy • Considering Ecosystems from the Design Stage • Produce Eco-Friendly Nuclear Energy
Anti- Corruption	10 Businesses should work against all forms of corruption, including extortion and bribery	<ul style="list-style-type: none"> • Ethical Management System • Self-Compliance Program • Internal and External Auditing System • Code of Conduct