



# 2015 SUSTAINABILITY REPORT

**Caring for People Planet and Society**  
**Building the Future**

## VISION

To be recognized, nationally and internationally, as specialized construction organization comparable with the best in field, covering the entire spectrum of construction activities and services in the infrastructure sector.



## MISSION

- i) To effectively position the Company so as to meet the construction needs of infrastructure development of the changing economic scenario in India and abroad.
- ii) To earn global recognition by providing high quality products and services in time and in conformity with the best engineering practices.

# About the Report

By presenting annual Sustainability Report “BUILDING THE FUTURE” for the year 2014-15, IRCON enters the third year of sustainability reporting. The present report reflects the sustainability highlights for the year 2014-15 to its stakeholders. This report is being presented with a commitment to disclosing our sustainability performance in a transparent manner with the inclusion of stakeholders.

This report addresses to our employees, investors, customers and suppliers, business partners, regulatory authorities and every individual who desires to know more about our Corporate Social Responsibility Policy and our performance in social, economical and environmental development.

This report, published annually, reflects IRCON’s approach to sustainability and defines a path forward aligned with IRCON’s CSR Policy. The report describes in detail our key achievement and challenges in the area of economic development, environmental performance and social development. A robust sustainability governance structure continues to manage and control the sustainability elements.

We always welcome your valuable comments and suggestions to us.

We appreciate if you send your comments on the report to: [csr.ircon@gmail.com](mailto:csr.ircon@gmail.com)

## Our previous Sustainability Reports:



**FY 2012 – 13**



**FY 2013 – 14**

## A Word From CMD



Dear Stakeholder,

I have immense pleasure to present our third Sustainability Report for the financial year 2014-15, titled as *"BUILDING THE FUTURE"*. This report is documenting the Company's Economic, Environmental and Social performance – commonly known as tripple bottom line.

Sustainable development is an integral part of our business and as a responsible Corporate IRCON understands the role of sustainability in its business too. We dedicate ourselves to strive for continual improvements in our systems, processes, procedures and work ethos for enhancing satisfaction of all the stakeholders in various segments where this Company operates.

During 2014-15, IRCON has achieved a turnover of ₹ 3,122 crore and profit before tax of ₹ 844 crore, which is lower by 28% and 32% respectively as compared to the previous

financial years. The decline had been primarily on account of delay in start of few major projects in domestic sector due to various clearances, and also lower contribution from foreign projects after the completion of major foreign projects which had high margins as compared to domestic projects.

IRCON has been continuously taking steps for capacity building of human resources through training in functional and general management areas, information technology, as well as soft skills. IRCON has various schemes for staff welfare like education scholarships, one time educational grant for admissions to professional degrees and diploma courses, educational awards etc. to meritorious children of the employees, educational assistance to the wards of the deceased employees, assistance for the marriage of daughters and dependent sisters of group 'C' and group 'D' employees, etc. Apart from the existing facility of homeopathy treatment at

Corporate office, facilities like immediate financial assistance and guidance are being provided to employees and their family members in case of any medical exigency.

Companies Act 2013 (Companies Act) has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc from the society. By performing the task of CSR activities, the companies are giving something back to the society.

Ministry of Corporate Affairs has recently notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CSR Rules) which are effective from 1 April 2014.



Corporate Social Responsibility (CSR) is the IRCON's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. IRCON always believes in working jointly with local communities for the development of the society. IRCON is touching and transforming many lives through its CSR initiatives in the field of Infrastructure Development, Healthcare, Education, sanitation and safe drinking water facilities, adoption of environment friendly technologies and skill development programmes for the betterment of unemployed youth.

During the year 2014-15, this company has spent a total amount of ₹ 6.72 Cr in the implemented CSR activities. The major role during the year is of Infrastructure

Development where IRCON has implemented many initiatives with the optimum utilization of its resources. During the year this company actively participated in the cleanliness campaign "Swachh Bharat Mission" officially announced by Hon'ble Prime Minister of India on 2<sup>nd</sup> October 2014 with an aim to make India a 'Clean India' by 2<sup>nd</sup> of October 2019, the 150<sup>th</sup> birth anniversary of father of nation Mahatma Gandhi. During the year IRCON has openhandedly contributed to Swachh Bharat Mission and Chief Minister Relief Fund of J&K for the rehabilitation of the flood affected people of the State J&K.

This is the continuous dedication of the IRCON made for the betterment of the society and its people due to which this company has been continuously receiving many proposals from the NGOs,

Charitable Societies, local autonomous bodies and other social organizations from different locations too. However, IRCON believes in implementing the CSR initiatives in project mode in the areas adjoining to its business operations as the people from these areas are most affected by the business activities of the company and they have the priority over the others.

Our efforts in the CSR have been valued by various awards and accolades but for us the real award is the Smile on many faces of the society because IRCON always understands its role beyond profit.

We look forward to your valuable suggestions at [csr.ircon@gmail.com](mailto:csr.ircon@gmail.com)

-- Mohan Tiwari



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## Ircon International Limited:

### ABOUT THE COMPANY

Ircon International Limited (IRCON), a government company incorporated by the Central Government (Ministry of Railways) under the Companies Act, 1956 on 28<sup>th</sup> April, 1976 originally under the name Indian Railway Construction Company Limited, is the leading turnkey construction company in the public sector known for its quality, commitment and consistency in terms of Performance.

IRCON has four subsidiaries in India, viz. (a) 'Ircon Infrastructure & Services Limited', a wholly-owned subsidiary company incorporated in September 2009 with the main purpose of undertaking infrastructure projects mainly construction of multi-functional complexes; (b) 'Indian Railway Stations Development Corporation Limited' incorporated in April 2012 jointly with Rail Land Development Authority (holds equity share capital in the ratio 51:49 respectively) with the main purpose of developing / re-developing the existing / new railway stations for upgrading the level of passenger amenities (c) Ircon PB Tollway Limited (IrconPBTL), a wholly-owned subsidiary

company, incorporated in September 2014 pursuant to the conditions of award of Bikaner Phalodi Toll (BoT) Project in the State of Rajasthan, by National Highways Authority of India (NHAI); and (d) Ircon Shivpuri Guna Tollway Limited (IrconSGTL), a wholly-owned subsidiary incorporated on 12<sup>th</sup> May 2015 pursuant to the conditions of award of Shivpuri-Guna Toll (BoT) Project in the State of Madhya Pradesh, by National Highways Authority of India (NHAI).

IRCON is actively involved in the development of coal connectivity rail corridors in the State of Chhattisgarh through two joint venture companies (JVCs) -- "Chhattisgarh East Railway Limited" (CERL) and "Chhattisgarh East-West Railway Limited" (CEWRL) -- formed in March 2013. IRCON has 26% equity participation in both the JVCs.

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



## MILESTONES

During its 39 years of operation, IRCON has emerged as front ranking construction company of international repute having executed prestigious projects. IRCON has so far completed 369 landmark infrastructure projects in India and 116 projects across the globe in more than 20 countries like 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 if named few.

Presently IRCON is executing several projects in India and abroad in Malaysia, Nepal, Bangladesh, Algeria and Sri Lanka.





## AWARDS & RECOGNITIONS

IRCON has bagged several Awards and Accolades during its journey of 39 years for its excellence in execution of infrastructure projects from various prestigious institutions such as Dun & Bradstreet, India Pride Awards, Dainik Bhaskar, EEPIC and CIDC.

Also, IRCON has been recognized for its contribution towards Corporate Social Responsibility and Sustainability by India Today group and SCOPE.

These achievements are a fitting testament to efforts of 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 during the last decade.



**All-India  
'Export  
Excellence'  
Award' of EEPIC  
INDIA for  
2011-12**



**Dun &  
Bradstreet's  
Infra Award  
2014**



**SCOPE  
Meritorious  
Award 2012-13  
for  
'Corporate  
Social  
Responsibility  
&  
Responsiveness'**

**Best PSU award  
2012-13 for 'CSR  
&  
Sustainability'  
from India Today  
Group**



**India Pride  
Award 2013**



**'Excellence  
Award'  
from Department  
of Public  
Enterprises**





The **'Economics Times Infra Focus Award'** for Excellence Contribution

**CIDC Vishwakarma Award 2012** for **'Best Professionally Manages Company'**



**'EEPC India Award'** for Special Contribution for Highest Growth in Exports as Large Enterprise

**'EEPC India National Award'** for Exports Excellence 2012-13



**India Pride Award 2015**

**CIDC Vishwakarma Award 2015** for **'Best Professionally Manages Company'**



**Dun & Bradstreet's Infra Award 2015**

**Dun & Bradstreet's Infra Award 2015 FOR Rail cum Road Bridge Project, Patna**



## COMPANY PERFORMANCE

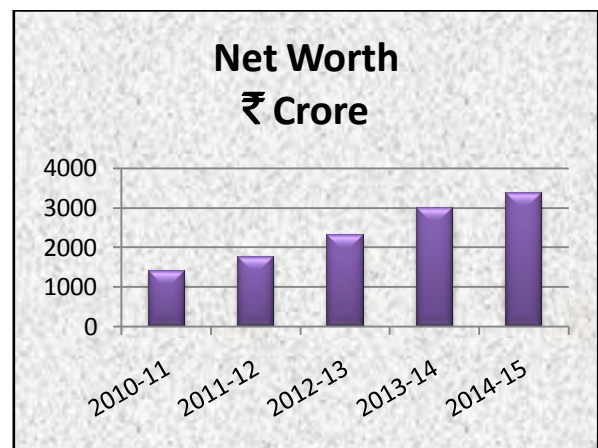
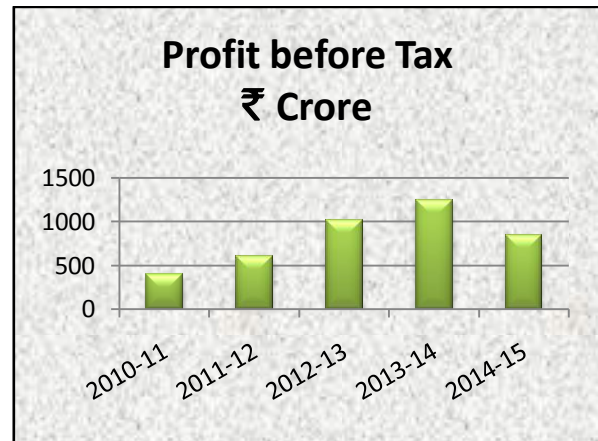
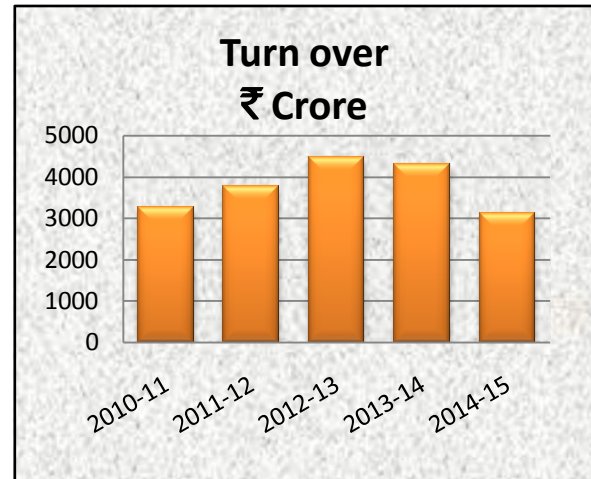
In the year 2014-15, the Company has registered total income of ₹ 3,122 crores, as compared to the total income of ₹ 4,307 crores achieved in 2013-14. About 95% of the total operating income i.e. ₹ 2,950 crores, has arisen from operations, out of which about 30% i.e. ₹ 877.52 crores has been contributed by foreign projects. Operating income from foreign projects has decreased by 59% over the previous year. The main reason for lower income during the year is completion of projects in Malaysia and Sri Lanka which had contributed substantial income during the previous year. There had been a corresponding reduction in Profit before tax which has decreased by 32.40% from ₹ 1,249 crores in 2013-14 to ₹ 844.29 crores in 2014-15, and Profit after Tax has also decreased by 36.08% from ₹ 907 crores in 2013-14 to ₹ 579 crores in 2014-15. Net Worth has increased by 12.04% during the year, whereas earnings per share have decreased by 36.08% from ₹ 457.92 in 2013-14 to ₹ 292.68 in 2014-15.

Although turnover of the Company has shown declining trend, the Company has secured new projects which have increased order book to ₹ 5,039 crores approx. Consequently, the Company is hopeful to reverse the trend and achieve turnover as per objectives.

The Board of Directors has recommended a dividend @ ₹ 52 per share (520% on the paid-up share capital) for consideration and declaration by the shareholders. The Company has already paid an interim dividend @ ₹ 40 per share (400%) in February 2015. The dividend of ₹ 102.94 crores payable after declaration at the Annual General Meeting together with the interim dividend already paid (₹ 79.184 crores) would take the total dividend pay-out for the year 2014-15 to ₹ 182.12 crores,

which is 920% of the existing paid-up share capital of the Company.

IRCON's previous five year financial progress:





# Sustainability at IRCON



The Company has a Board of Directors approved Sustainability Development 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 Committee headed by an Independent Director who finalizes the Sustainability & Corporate Social Responsibility policy. The Sustainable Development plan 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.

In 2013-14 the Sustainability was merged with Corporate Social Responsibility as a combined set. After the fresh guidelines issued by Ministry of Corporate Affairs and Department of Public Enterprises, the CSR rules were modified by the implementation of Companies Act 2013, according to which companies with an annual turnover of ₹ 1,000 crore and more, or a net worth of ₹ 500 crore and more, or a net profit of ₹ 5 crore and more will have to set-up a CSR committee consisting of their board members, including at least one independent director. The new rules are applicable from the financial year 2014-15 and onwards. The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's

rules define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

IRCON as a responsible corporate citizen, this year too has continued its efforts in Sustainable development works and has contributed in following manner:

## SD ACTIVITIES

- **Environment Friendly MOKSHDA Cremation systems:**

Around 50 to 60 million trees are burned during cremations every year in India. Air pollution and deforestation are not the only environmental threats caused by these cremations; they also generate large quantity of ash which further pollutes water also.



For help in cleaning the environment, IRCON has provided 2 units of MOKSHDA Green Cremation Systems (MGCS) at Raebareli in UP and which are operational. This is new improved system which consumes only 20% fire wood as compared to conventional

cremation system and has full freedom to perform the ritual as per the Hindu religion. The system also enables reduction in pollution level to a greater extent and saves trees.

- **Environment Sustainability by Installation of LED:**

India is starved for power. An estimated 300 million plus people are not connected to the grid in India and demand for power is anticipated to double by the year 2020, according to various estimates. Also, power in India is not cheap. A substantial portion in rural areas comes from diesel generators. For a country like India, which struggles to meet the increasing electricity demand with growth in the economy, the biggest benefit of LED lighting is Energy Saving. LEDs would significantly reduce the lighting load, peak demand and overall energy consumption without compromising on the environment safety as it has no mercury and heavy metal content.



# CORPORATE SOCIAL RESPONSIBILITY

Like many other Public Sector companies, IRCON identifies itself strongly as a responsible corporate citizen and understands its commitment towards stakeholders. In the course of fulfilling its social obligations, IRCON operates to enhance value creation to the society as a whole and particularly in the communities where it works. It plays an active role to promote sustained growth along with a broad objective of improving the quality of life of the people it works with and works for.

Corporate Social Responsibility 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 enter into a dialogue on this with its stakeholders.

The new Companies Act, 2013 has been passed by the parliament and the Section 135 of this act has been made effective since April 2014. In view of the same, IRCON has also revised its CSR & Sustainability Policy incorporating the new provisions of the act and the same is duly approved by the Board of Directors. The Act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the Act.



Keeping the main objective in view, IRCON has implemented its social drive in the following different sectors of CSR & Sustainability:

- ❖ Education
- ❖ Health care
- ❖ Environment Protection
- ❖ Rural infrastructure Development
- ❖ Skill development & Capacity building
- ❖ Relief Measures & Others



## EDUCATION

Education is a good investment for future. It is a foundation for the economic development of the nation and builds the nation through sustainable society. Education is just as important as the primary basic needs.

IRCON extends its support to improve the school infrastructure and learning levels of students enrolled in various govt. schools especially in rural area of the country. The infrastructure development of the school includes the construction/repair/up gradation of the school buildings, construction of toilets for students especially for girls, construction of boundary walls, arrangement of safe drinking water and provision of ceiling fans, solar lights etc. While the improvement of learning levels of education includes the provision of better study environment by providing school bags, benches, chairs, stationery etc.

IRCON has taken up several projects under CSR at a total cost of ₹ 95 lacs spread over J&K, UP, MP, West Bengal and Rajasthan with an aim to improve education infra-structure in the backward rural areas. IRCON has been involved in making sanitized toilets for the students both for Boys and for girls since 2012-13. Some of the key activities in education domain include:

### (i) Girls Inter College at Raebareli:

Under this education initiative, IRCON has provided the infrastructure works for the construction of Girls Inter College which will help in empowering the girls through providing them the better quality education. The building is handed over for serving its purpose.

### (ii) Up gradation of school and other facilities in village Bhouri (Gwalior):

The work is being implemented through Madhya Pradesh Laghu Udyog Nigam



Limited (MPLUN). Under this initiative, school infrastructure is being upgraded and other facilities such as furniture, solar lights etc are also provided for facilitating the students with a study favor environment.

**(iii) Development works for Govt. school Sumer (J&K):**

Under this initiative, school infrastructure is upgraded by construction and repairing the boundary wall, making available safe drinking water and supplying the teaching material to the school management.

**(iv) Providing furniture for student hostel at Ukheral (J&K):**

IRCON has provided necessary furniture for the students' hostel at Ukheral (J&K) located Govt. school.

**(v) Providing Ceiling fans to Govt. School :**

IRCON has provided 65 nos. new ceiling fans to the Govt. Primary School in Aihar, Raebareli (UP).

**(vi) Other Initiatives in Education:**

Apart from the above initiatives in the field of Education, this company has extended helpful hands to the charitable educational organizations also. The company has contributed financially to GODHULI, an NGO who is involved in the education of the street children in Delhi and runs its schools at Sagarpur and Khichripur locations. Also, IRCON has provided solar lighting equipments to the Janta Adarsh Andh Vidyalaya, the school being operated for the education of blind children in Delhi.



## HEALTH CARE

During the year this company has spent an amount of ₹ 51 lakhs on the health care related initiatives. The implementation was done in and around the project areas with the previously running Health Units at three locations. Apart from the above Eyes and Health check up camps were also organized for the students of railway schools at Delhi.

### (i) Organizing Eye and Health Camps :



IRCON has organized the Eye and Health check up camps for the students of railway schools in Delhi. The initiative was implemented by M/s Mahavir International; an NGO committed to provide quality eye care to the needy underprivileged people of Delhi without any caste or religious bias.



This NGO is running 6 fully equipped charitable hospitals in different parts of the capital where patients get free treatment, medicines & spectacles etc.

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

Like previous year, this year also the company has strengthened the capacity of District Hospital at Ramban (J&K) by providing one ambulance along with necessary medical equipments. The total number of ambulance provided under CSR has risen to eight as per the following details:-

- |                          |          |
|--------------------------|----------|
| i) Banihal (J&K)         | - 2 Nos. |
| ii) Ramban (J&K)         | - 1 No.  |
| iii) Sivok (West Bengal) | - 1 No.  |
| iv) Ringus (Raj.)        | - 1 No.  |
| v) Sri Lanka             | - 2 Nos. |
| vi) Algeria              | - 1 No.  |

### (iii) Operation of Health Units at Project Sites

IRCON's health units are continuously providing the medical health services to the needed persons of the location of their operation. Free consultation & medicines are provided to needy patients in these health units.

These units are operational at Banihal (J&K), Lalganj (Raebareli) (UP) and Sivok (WB) in India. As a responsible corporate citizen, IRCON has continued this facility to the people of foreign land i.e. Sri Lanka and Algeria also even though the expenditure arising from these is not included in CSR, as per the rules.



## RURAL INFRASTRUCTURE DEVELOPMENT

CSR Initiatives implemented in the sector of Rural Infrastructures have always been the most favored as being a construction PSU IRCON can utilize its capable and expertise resources for obtaining the better results from the planned CSR activities. Not only it makes easy to the implementation of the CSR

activities but also it makes optimized use of the allocated fund to the CSR activities.

During the year, this company has spent the amount more than ₹ 3 Cr for the development of infrastructures by providing safe drinking water, concrete paths, and contribution for the sanitation, bus shelter, and provision of solar lights in the rural areas.



### (i) Providing safe drinking water:

- IRCON has provided safe drinking water to the residents of West Bengal in the Districts of Nadia and North 24 Parganas. The ground water at these locations is Iron and Arsenic contaminated which is harmful to the health of the people.

The implementation of this work was done by the NGO M/s SATHEE by installing the "AMAL ARF" filters at the identified locations and Arsenic free safe drinking water is available to the people.

- IRCON has arranged for safe drinking water to the villagers of villages Sumber, Kohli, Peerpora, Tether in Jammu and Kashmir also.

- IRCON has arranged safe drinking water to the people of village, Banihal of Jammu and Kashmir.

**(ii) Up gradation of Roads.**

In rural areas, the internal roads are often neglected and the matters related to the roads are not taken up on priority so that residents can be facilitated with good roads for their movement from one place to another.

Details of some activities for construction of Roads/pathways are indicated below:

- Up- gradation of pathways in hilly villages of Sumber and Duda Urnihal in J&K.
- Construction of concrete pathway from Kaskoot village to the West side boundary wall of the Banihal Stations yard in J&K.

**(iii) Construction of Bus Shelter:**

IRCON has constructed a Bus Shelter for improving the transportation facilities in the rural area Laganj, Raebareli.



**(iv) Providing Solar Light in village Dullahpur:**

IRCON has provided solar street lighting equipments to the village of Dullahpur, district Ghazipur (UP) for facilitating the villagers.

**(iv) Construction of Community Hall:**



IRCON has completed the construction of the one Community Hall at Raebareli and the same is handed over to the Zila Panchayat of Raebareli to serve its purpose.

## SKILL DEVELOPMENT

Successful industries are the backbone of a developing nation while skilled manpower is the backbone of the successful industries. Due to the growing industries, there will always be the demand of the skilled manpower in the market.

IRCON has done the following initiatives for the skill development of the unemployed youths to create income generating sources for their lives:

- Training of women in tailoring and embroidery at Bankoot, Banihal (J&K).
- Vocational cum skill development training for the unemployed youths of the Dholpur district of Rajasthan. Based on the survey for the requirement in the market, following courses of short term duration were selected for skill development training:-
  - ❖ Mobile Phone repairing
  - ❖ Computer Hardware
  - ❖ Basic Computer
  - ❖ Fabrication Welding

## PROTECTION OF NATIONAL HERITAGE: Up-gradation of Rail Museum

IRCON has taken part in the renovation of the National Rail Museum in Delhi. The work was implemented by IRCON, RITES and CONCOR jointly with the execution of the work taken up by RITES.



## RELIEF MEASURE:

During the unprecedented flood in the state of J&K, large scale damage happened to life and property, affecting not only the tourism in the valley but local inhabitants also. IRCON has come forward in providing financial assistance for an amount of ₹ 50 Lacs for taking up the rehabilitation and re-construction works by the Govt. of Jammu & Kashmir.







## Corporate Governance & Compliance

### Composition of Board of Directors

As on 31<sup>st</sup> March 2015, the strength of Board of Directors was six comprising of four whole-time Directors and two government nominated part-time directors. The detail of the directors is as follows:

1	Mr. Mohan Tiwari Chairman and Managing Director	w.e.f. 01.02.2009
2	Mr. K. K. Garg Director Finance	w.e.f. 03.11.2009
3	Mr. Deepak Sabhlok Director Projects	w.e.f. 16.04.2010
4	Mr. Hitesh Khanna Director Works	w.e.f. 07.03.2011
5	Mr. Anjum Pervez Part-time Director (official)	w.e.f. 15.07.2013
6	Mr. A. K. Rawal * Part-time Director (official)	w.e.f. 28.01.2014

*\*Ceased to be Director due to his superannuation as Additional Member (Planning), Railway Board, on 31<sup>st</sup> March 2015.*

The following Directors ceased to hold office during 2014-15:

1	Prof. (Dr.) S. S. Chatterji Independent Director [Part-time (non-official)]	Ceased to be Director on completion of 3 year tenure on 15.09.2014  (from 16.09.2011 to 15.09.2014)
2	Mr. B. M. Sharma Independent Director [Part-time (non-official)]	Ceased to be Director on completion of 3 year tenure on 18.09.2014  (from 19.09.2011 to 18.09.2014)

The Company has been sending periodic reports to the Ministry of Railways for the position of vacancies at the Board level and have requested for appointment of requisite independent directors and women director on the Board of IRCON.

## 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

### 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, Chief Vigilance Officer, 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 1<sup>st</sup> 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

- 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 of IRCON for 2013-14.
- The Company informs the Board periodically about the risks associated with the projects and foreign exchange management.
- There is a Board approved Training Policy for Directors under which Directors are nominated for Development Programmes including Board Orientation Programmes for new Directors.





## Human Resource Management

### Human Resource Management

To meet the external changing environment and future needs, organizations need to plan, experience and adapt to changes. HRM can be seen as an integral part to the organization's change management strategy. IRCON HRM acted as a change act for futuristic strategies of the organization.

In 2014-15 HRM initiated many projects and new strategies in managing talent, employee development and engagement initiatives to sustain new challenges and external environment.

### Talent Management:

The organization is gradually moving towards a competency based framework for managing Human resources. The first step in this direction was GROW project with the aim of building competency map for the organization while also identifying the competency pool for all employees at all levels of organization.

As an outcome of the competency mapping, individual development plans were prepared for senior and middle level management.

Based on the IDP training needs were identified and Customized Competency based training was designed to align the skills of organization's human resources with that of the company's present and future needs.

Ten days residential customized program on Behavioral & Leadership training was conducted for 40, top and senior management officials in two batches at top premier institutes. Additionally 151 training man-days of Behavioral & Leadership training were achieved at various IRCON project offices under GROW project.

During the year 2014-15, Ircon nominated 66 officials for 25 workshops, Seminars; Conferences in external institutes and 15 In-house training were arranged covering 612 participants in 1240 man-days.



In 2014-15 large numbers of recruitments were done with the new projects that were opened at various locations, and were handled efficiently by the E-filing process of applications for regular recruitments in very short duration and for inviting applications on deputation basis. To survive the environment dynamics and to attract the right talent, first time the recruitment for regular post of Executive trainees were conducted on the basis of GATE Score.

Attrition rate for the organization for the year 2014-15 was as low as 1.57%

In addition, a succession planning policy for senior management levels (E-7 to E-9) has also been approved to ensure a steady flow of future leaders from within the organization. The policy involves an integrated and systematic approach for identifying, developing and retaining employees in line with current and projected business objective.

An online grievance redressal system was also introduced within the organization for effective redressal of employee

grievances.

### **Employee engagement & Work life balance:**

As part of employee Engagement initiative and to create healthy competitiveness among employees IRCON Corporate Quiz was conducted for the first time in IRCON. Winning teams were awarded by CMD in IRCON on its annual day.

Being an equal opportunity employer, IRCON aims to provide congenial and safe working atmosphere to women employees. Company has a complaints committee for prevention of sexual harassment at work place.

The 39<sup>th</sup> Annual Day was celebrated on 28<sup>th</sup> April, 2015 with enthusiasm and gaiety. On this occasion, exemplary work done by employees in Indian as well as foreign projects was appreciated and rewarded. Educational awards to meritorious children of the employees were also given on this occasion.





## Environment, Health & Safety

### ENVIRONMENT HEALTH & SAFETY

IRCON's Safety, Health & Environmental (SHE) is a resource and service for the entire community, including employees, volunteers, and others stake holders working (out of or associated) with the approximately 40 offices and facilities located in India & abroad. In partnership with Safety Coordinators at each office/site location, SHE strives to ensure all staff, volunteers, and other participants can perform their activities in a safe, healthy, and environmentally responsible manner by developing and making available a suite of SHE planning, procedural, and training resources.

The training program "Be Smart About Safety" (BSAS) conducted at offices and projects that will reduce the frequency and severity of injuries and thereby, reduce the overall cost of the workers compensation.

Quality Management Cell staff have continued to provide training at offices/sites, including testing methods and presentations on safety responsibilities, injury illness prevention program (IIPP), building evacuation, driver safety, use of fire extinguishers, safe lifting practices, workstation ergonomics, hazard communication and Aspect Impact Assessment (AIA) for environment. More than 250 persons were trained this year, including Sub agency employees. Review of written



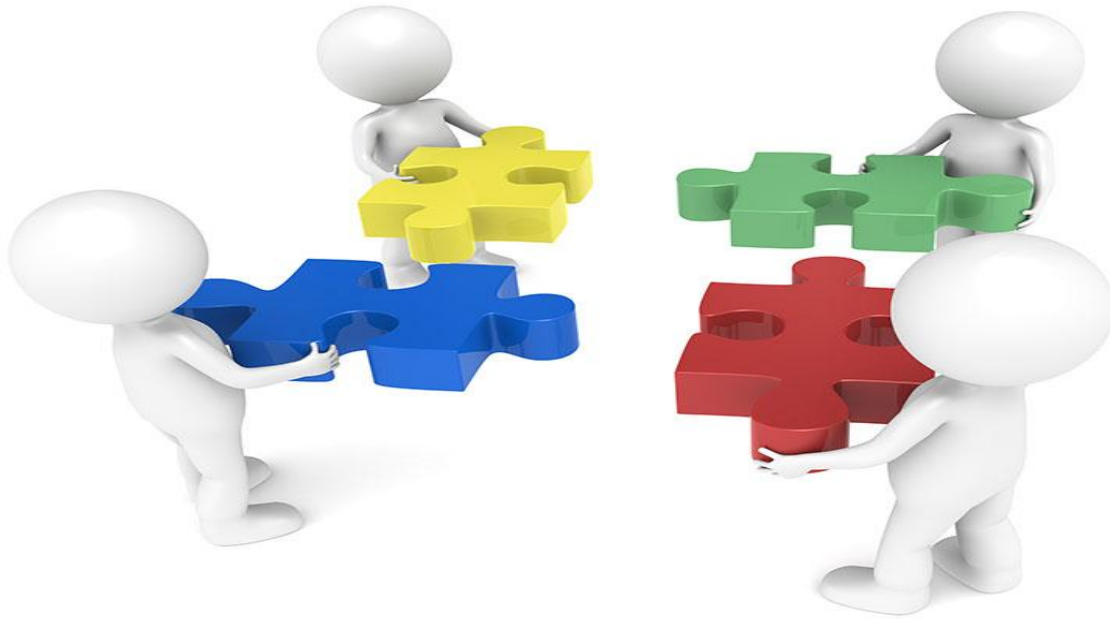
evaluations of SHE training and presentations indicated attendees have an overall favorable achievement of 100%.

IRCON has already established Environmental Management System and accomplished ISO 14001:2004 certification along with Occupational Health & Safety Management System as per IS/ISO 18001:2007.

Safety and Environment officers are nominated at all Indian projects to ensure safety precaution at site and to control impacts on environment due to construction activities at projects. The Safety Checklist and Environment Checklists are followed at each and every project sites and submitting the same to Quality Management Department at Corporate office on quarterly basis.







## Responsibility towards Products & Services

### QUALITY & SAFETY

IRCON's commitment towards Quality, Safety, Health & Environmental stewardship and workplace safety is expressed through the various identified elements e.g. Policies (Quality & SHE), Management Commitments, Quality objectives, Control Procedures, Hazard Identification Systems and Trainings.

The first step toward achieving quality of works is to determine the safe work environments. The commitment to implement and establish Quality & SHE Management is provided by top line management. Accountability and control of Quality & SHE within organizations resides with top line management, therefore commitment to Quality & SHE is provided from the highest management/ executive level.

IRCON is managing our quality rules, process structure and documents and coordinating internal and certification audits for leading continuous

improvement activities and making sure that customer-specific requirements are available and understood.

The root cause of quality issues are discussed for improvement in the quality of products through preventive and corrective actions and collecting and reporting customer quality data to drive improvement within free scale.



## R&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.

The Company has 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.

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.





## Impact of Initiatives

### EDUCATION & SKILL DEVELOPMENT

- The construction of Girls Inter College in Raebareli has benefitted the female students of the region and would empower the women by providing the better and higher education further.



- Up gradation of school infrastructure in Janta Adarsh Andh vidyalaya through providing solar lights has much more facilitated the students and the school management as it has benefitted them financial too by

lowering their electricity consumption.

- Improvement of school infrastructure in schools of Sumber (J&K) has facilitated the students in better study environment and improved infrastructure of school.
- Up gradation of class room facilities and school building Inarwa – Kamla villages of Nepal has helped to provide a new enthusiasm among students.
- Providing ceiling fans to the Govt. Primary school at Lalganj, Raebareli has much facilitated to the students in terms of better facilities for study and teachings. Often Govt. schools are less facilities due to lack of funds, IRCON's such initiatives would make a step towards the betterment of the govt. schools and their students who are generally from the underprivileged and poor section of the society.
- By providing skill training in tailoring and embroidery in Bankoot (Banihal), J&K has made the women to earn for their living and has provided the



skilled manpower to the industries developing in the region.

## HEALTH CARE

- Operating the health units at Banihal, Rae Bareli and Sivok, where free medical facilities are provided to needy villagers for access to primary health service in nearby areas rather than going to hospitals at far places. The utilization of these health units is on an increase year by year. Also, the provision of ambulance to health center has made possible to easily approach the patients in case of medical emergency.
- Providing ambulance and other medical equipments to State Health Department Ramban (J&K) has augmented the overall service delivery of it. Patients of the nearby area can now visit District Hospital for diagnostic services at reasonable charges.



## USE OF LED LIGHTS

The Indian government has developed policies to stimulate the adoption of LED lighting in the country, and is funding a number of pilot LED street-lighting projects. Still a big portion of the

population is not connected to the grid. Power supply to the rural areas is poor and requires big attention if development is sought in the above areas. Adopting the installation of LED lights by IRCON is a step in bringing down the load requirement, use of ecological friendly technology and energy efficient, the biggest benefit. The LED lighting equipments have longer life and contain no toxic material with 100% recyclable.

## RURAL INFRASTRUCTURE DEVELOPMENT

- The community hall provided by IRCON will serve as meeting place for voluntary organizations or other groups in the community, facilities for the development of the recreation, personal and cultural welfare of the members of the community.
- Supply of safe drinking water by removing iron and arsenic has benefitted the villagers of North 24 Parganas and Nadia districts much more. Earlier they were using contaminated water which was harmful for their health.
- Construction of prefabricated bus shelter benefits to the commuters in terms of protection from sun and rain while they are waiting for their conveyance for the desired destination as well infrastructure development and enhancing the beauty of the bus stop and the surroundings.
- Providing solar street light in village Dullahpur (UP) will facilitate the village people along with the infrastructure development of the area. The use of

the solar light will reduce the dependency of the villagers on the power generated from fossil fuels which is not environmental friendly also.

- Safe drinking water arrangement made by IRCON at Kohli, Sumber and Peerpora (Tether) villages of J&K has benefitted the villagers by easy availability of water for their drinking and day to day cooking works for which they were earlier depending upon the sources at distant locations.
- The construction of Public Graveyard (Protection wall) and Concrete pathway from Kaskoot village up to the West side of the station boundary wall has provided these villagers upgraded and developed infrastructures.





## Persistence towards Global Goals

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
- 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 Organization'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.



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

## IRCON's Board Level Committee of CSR & Sustainability

*As on 31<sup>st</sup> March 2015*



*Chairman*  
A K Rawal  
Part-Time Director (Official)



*Member*  
Deepak Sabhlok  
Director (Projects)



*Member*  
K K Garg  
Director (Finance)



*Member*  
Hitesh Khanna  
Director (Works)





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