

IRCON INTERNATIONAL LIMITED (IRCON)

ANNUAL REVIEW ON THE PERFORMANCE / ACTIVITIES FOR THE YEAR 2021-22

BACKGROUND

Ircon International Limited (IRCON) is a Central Public Sector Enterprise (CPSE) under Ministry of Railways. It is an integrated engineering and construction company, specializing in major infrastructure sectors, including, railways, highways, bridges, flyovers, tunnels, aircraft maintenance hangars, runways, Extra High Voltage (EHV) sub-stations, electrical and mechanical works, commercial and residential properties, development of industrial areas, and other infrastructure activities. The Company is a Schedule 'A', and a Mini Ratna – Category I, public sector listed company.

IRCON started exclusively as a railway Construction Company has acquired expertise across diversified infrastructure sectors over the past 46 years and has built its reputation globally. The Company has to its credit, 128 completed projects in 25 countries across the globe, and 398 projects in India.

FINANCIAL HIGHLIGHTS

The Company has recorded highest ever total turnover of Rs.7181 Crore as well as highest ever operating turnover of Rs. 6910 Crore in FY 2021-22. Some of the important indicators of financial performance of the Company for the year 2021-22 vis-à-vis 2020-21(on Standalone basis) are given below:

Sl. No.	Particulars	2021-22 [Rs. in Crore]	2020-21 [Rs. in Crore]	Increase / (Decrease) [in %]
1.	Total income / turnover	7,181	5,200	38.09
2.	Total Operating income / turnover	6,910	4,956	39.43
3.	Profit before tax	610	574	6.27
4.	Profit after tax	544	405	34.32
5.	Net worth	4,621	4,406	4.88
6.	Dividend (Final & Interim)	235.13	221.02	6.38

The Company has declared and paid interim dividend thrice, totaling to Rs.1.85 per equity share on the face value of Rs.2/- per share amounting to Rs.174 Crore (approx.) which is approximately 92.50% on the paid-up share capital of Rs.188.10 Crore. All these interim dividends have been declared out of the profits of the Company as per the unaudited financial results for the three quarters ending June, September and December 2021.

The Company has declared final dividend of Rs.0.65 per equity share on the face value of Rs.2/- each amounting to Rs.61.13 Crore (i.e.32.50% of the paid-up share capital of Rs.188.10 Crore), at the AGM. With this, the total dividend for the FY2021-22 aggregates to Rs.235.13 Crore (approx.)(i.e.125%onthe paid-up equity share capital of Rs.188.10 Crore), which works out to 43.20% of the post-tax profits of FY2021- 22 and 5.09% of net worth of the Company as on March 31, 2022.

SHARE CAPITAL & DISINVESTMENT OF SHARES

As on March 31, 2022 the paid-up and subscribed equity share capital of the Company stood at Rs.188.10 Crore comprising of 94,05,15,740 equity shares of face value Rs.2/- each. In FY 2021-22, the paid-up share capital of the Company was increased from Rs.94.05 Crore to Rs.188.10 Crore due to issuance of fully paid bonus shares in the ratio of 1:1 i.e. one (1) new fully paid-up equity share of Rs.2/- each for every one (1) existing equity share of Rs.2/- each.

The shareholding of the Promoter of the Company i.e. the President of India stood at 73.18% of the total paid-up equity share capital of the Company, as on March31, 2022.

The Company ranks among top 1000 listed companies in India in terms of market capitalization as on March 31, 2022, with market capitalization of Rs. 3743.25 Crore.

ORDER BOOK

During FY 2021-22, the Company has been awarded one foreign project in Myanmar i.e. Construction of Road from Paletwa (Myanmar) to Zorinpuri (Mizoram) under Kaladan Multi Modal Transit Transport Project (KMMTTP) on EPC Mode, by Ministry of External Affairs, Government of India on nomination basis, of the total value of Rs.1780 Crore.

The Company has also secured new domestic projects of approx. Rs.14,400 Crore during FY 2021-22 through competitive bidding, major amongst which are the Package No. MAHSR T-2 and Package No. MAHSR C-7 of project for Construction of Mumbai-Ahmedabad High Speed Rail, for National High Speed Rail Corporation Limited (NHSRCL) (Rs.6857 Crore); four Road / Highway Projects on Hybrid Annuity Mode (HAM) basis for National Highways Authority of India (NHAI), of which two projects are located in the State of Maharashtra, one in Punjab and one in Uttarakhand (Rs.4528 Crore); Setting up of 500 MW Grid Connected Solar PV Power Project under Central Public Sector Undertaking (“CPSE”) Scheme Phase-II, issued by Indian Renewable Energy Development Agency Limited (IREDA) (Rs.1960 Crore).

The order book as on March 31, 2022, stood at Rs.43,758 Crore (approx.) as compared to Rs.34,689 Crore (approx.) as on March 31, 2021.

OPERATIONAL HIGHLIGHTS

Foreign Projects

The following are the on-going foreign projects in Bangladesh, Algeria, Sri Lanka and Nepal viz.,

- (e) Bangladesh – The Company is executing two projects in Bangladesh, viz. (i) Construction of Embankment, Track, all civil works, major & minor bridges (Except Rupsha Bridge) & culverts and implementation of EMP against WDI under the project Construction of Khulna-Mongla Port Rail Line for Bangladesh Railway; and (ii) Providing Technical Advisory Services (TAS) for Construction of New Railway Line from Agartala (India) -Akhaura (Bangladesh) and Project Management Consultancy (PMC) for Construction in Bangladesh Portion with Ministry of External Affairs (MEA), Government of India.
- (f) Algeria - Installation of double track line (93 kms) in Algeria for ANESRIF, Ministry of Transport, Government of Algeria.
- (g) Sri Lanka - Up-gradation of Railway Line from Maho to Omanthai under Indian Line of Credit. Track Rehabilitation and ancillary for Sri Lankan Railways under the Ministry of Transport and Civil Aviation, Government of Sri Lanka.
- (h) Nepal - The Company is executing the two projects in Nepal, viz.(i) Construction of BG rail line between Jogbani (India)-Biratnagar (Nepal) on Indo-Nepal border; and (ii) Construction of BG Line by Gauge conversion Jayanagar (India)-Bijalpura (Nepal) with extension upto Bardibas on India Nepal Border.

Domestic projects

Your Company has more than 50 domestic projects in its portfolio in various areas such as Railways, Roads & Highways, High Speed Rail, Solar, etc. which are and these projects are under various stages of operations and completion.

In the year 2014, your Company had acquired 8 plots in different sectors, on leasehold basis for 90 years, at NOIDA and construction activities at these plots have been completed. The buildings are in the process of partial/complete leasing out. The Company has also developed property on a plot located in Sector-32, Gurugram, Haryana, which is also in the process of leasing out.

The Company had entered into a Memorandum of Understanding (MOU) on March 26, 2018, with the Rail Land Development Authority (RLDA) for transfer of lease hold rights to IRCON for commercial development on the land parcel measuring 4.3 (four points three) Hectare at Bandra East, Mumbai, Maharashtra, for 99 years against the payment of Upfront Lease Premium. In consideration of its roles and responsibilities, IRCON is entitled to receive from RLDA, a fee for an amount equivalent to 3% (three percent) of the Upfront Lease Premium. The said MOU has expired on March 31, 2021 and is in the process of renewal.

Infrastructure Development through Subsidiary and JV Companies

During the FY 2021-22, IRCON has incorporated four wholly-owned subsidiary companies viz. Ircon Akloli-Shirsad Expressway Limited and Ircon Ludhiana Rupnagar Highway Limited in December 2021; Ircon Bhoj Morbe Expressway Limited and Ircon Haridwar Bypass Limited in January 2022. Also, one subsidiary company viz. Ircon Renewable Power Limited has been incorporated as Joint Venture Company and SPV in January 2022, with shareholding of 76% held by IRCON.

IRCON Group now comprises of eleven subsidiary companies and seven joint venture companies. During the year, IRCON has infused equity / quasi equity of Rs. 212.84 Crore in its subsidiary and JV companies, resulting in cumulative investment of Rs. 1421.68 Crore as on March 31, 2022, and also extended Corporate Guarantee in favour of banks for availing of term loan facility by these companies.

RATINGS & COMMENDATIONS

In terms of Memorandum of Understanding (MoU) signed with the Ministry of Railways, Government of India, your company has been rated as 'Excellent' for the year 2019-20 & 2020-21. The Company expects to achieve 'Very Good' rating for the year 2021-22.

Based on the financials of FY 2021, as per USA's Engineering News Record (ENR), IRCON is the only Indian PSU to make it to the list of top 250 International Contractors (Ranked 229th); as per the Business Standard BS 1000 Annual Magazine released in March 2022, IRCON has been ranked 190th by total revenue, and ranked 11th in terms of sector performance under the 'Construction and Infrastructure' Sector; and at 254th position in the list of Fortune India 500.

Keeping up the trend of winning awards year after year, during the FY 2021-22, IRCON has won 'Governance Now 8th PSU Award' in two categories viz. CSR Commitment and CSR Leadership Award; 'National Awards for Excellence in PSU' in three categories viz. Innovation Social Media Outreach, Increasing the Geo-Strategic Reach, and Exemplary Leader; and 'Greentech Foundation Safety Award' for construction safety.

CSR & SUSTAINABILITY

The CSR Budget for the FY 2021-22 was Rs.10.50 Crore, which is 2% of the average net profit recorded by the Company from its Indian projects in the period of last three immediately preceding financial years. During FY 2021-22, IRCON has spent Rs.10.52 Crore on its CSR initiatives. During FY 2021-22, the total funds donated to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) is Rs.1.14 Crore.
