

## CHAPTER I

### PARTICULARS OF ORGANISATION, FUNCTIONS & DUTIES

#### Particulars of Organization

##### General Profile

1. IRCON was incorporated on 28th April, 1976, in Delhi under the name 'Indian Railway Construction Company Limited' mainly for the purpose of construction of Railway Projects in India and abroad on commercially prudent lines with the help of expertise from Railways. The name of the Company was changed to "Ircn International Limited" w.e.f. 17th October 1995 in tune with the international image and scope of operations of the Company. IRCON is a listed company with effect from 28th September, 2018.
2. IRCON is a Schedule 'A' Mini Ratna Category-I Government Company in the construction sector under the administrative control of Ministry of Railways with 89.18% of the paid up equity held by the Government of India. It is also an ISO certified Company for Quality Management System for the organization (since 1996), Environment Management System (since 2011), and Occupational Health and Safety Management System (certified since 2012-13). The company has now switched over to new standard of Occupational Health and Safety Management System i.e. ISO 45001:2018
3. The Company is an integrated Indian engineering and construction company, specializing in major infrastructure projects, including, railways, highways, bridges, flyovers, tunnels, aircraft maintenance hangars, runways, EHV sub-stations, electrical and mechanical works, commercial and residential properties, development of industrial areas, and other infrastructure activities. on EPC, BOT, HAM and Cost Plus basis. IRCON is headquartered in Saket, New Delhi and is having an overseas office in Malaysia. Additionally, IRCON has project offices in India and abroad (including in Sri Lanka, Bangladesh, South Africa and Algeria) and five regional offices to support and manage our business operations.
4. The paid up equity capital of IRCON is Rs.94.05 crore as on 31.03.2019. During the Financial Year 2018-19, the President of India (Promoter) acting through Ministry of Railways, Government of India, divested its 10.53% stake in the Company (i.e. 9,905,157 Equity Shares of face value of Rs.10 each) through Offer for Sale to the public for cash at a price of Rs.475 each, aggregating to Rs.466.70 crore. A discount of Rs.10 per Equity Share on the Offer Price was offered to the Retail Individual Investors and Eligible Employee. The issue was oversubscribed by more than 9 times. After disinvestment, Government of India holds 89.18% of the paid-up equity. IRCON got listed at the BSE Limited and the National Stock Exchange of India Limited w.e.f 28th September, 2018.

## Operational Profile

The Company started its operations in 1977-78 and entered international market in a big way with a major breakthrough in Iraq followed by Algeria. Completion of project in time conforming to international standards earned for Ircon its reputation as one of the leading construction companies of India. Commencing its operations exclusively in the railway sector, the Company diversified its activities in 1985 to other constructions too. The scope was further enhanced in 1993 to include projects on BOT, BOOT, BLT etc., business relating to leasing, real estate, etc.

The core competences in order of priority are – Railways, Highways & EHT Sub-station Engineering and Construction. The Company has executed projects operated in the areas of Railways construction including ballast less track, electrification, tunneling, signal & telecommunication as well as leasing of locos, construction of roads, highways, commercial, industrial & residential buildings and complexes, airport runway and hangars, metro and mass rapid transit system, etc.

As on March 31, 2019, Company has made tremendous progress over the years and so far completed more than 128 projects in 24 countries across the globe and 383 projects in India.

### **COMPLETED FOREIGN PROJECTS:**

During the year 2018-19, Company has completed one project in South Africa in December 2018, which was secured in November, 2015 for procurement of Plant Design, Supply and Installation of Overhead Track Equipments, Traction Sub-stations, Auxiliary Power Supplies Substation, Bulk Power Supplies Switching Stations and Signalling Systems for Majuba Rail Project, South Africa, for Eskom Holdings SOC Limited at a value of Rs.345 cores.

### **ONGOING FOREIGN PROJECT:**

Company is executing following two projects in foreign countries:

1. **Bangladesh** – For construction of Embankment, track, all civil work, major & minor bridges (except Rupsha) & culverts and implementation of EMP against Package WD1 under the project Construction of Khulna-Mongla Port Rail Line for Bangladesh Railway at a value of Rs.911 core. The physical progress upto March 2019 is 49.50%. The work was commenced in March 2016 and is scheduled for completion in September 2020.
2. **Algeria** – Installation of double track line (93 kms) in Algeria awarded by ANESRIF, Ministry of Transport, Government of Algeria, initially awarded at a value of Algerian Dinar Cr. 1628 (Rs.1003 crore converted) involving construction of sedone line and upgradation of existing line, with diversion of 10 kms from Ouedsly to Yellel in Algiers-Oran section of Algerian Railways. The value of contract including addition works for realization of double line has been revised to Rs.1747 crore (converted). The project was awarded in 2008 and is likely to be completed in June 2020.

## **COMPLETED DOMESTIC PROJECTS:**

During the financial year 2018-19, following three projects in India got completed:

1. Widening and Strengthening of existing Bikaner-Phalodi section to Four-lane from Km4.200 to Km55.250 and Two-lane with paved shoulder from Km 55.250 to Km 163.500 of NH 15 on BOT (Toll) basis in the State of Rajasthan, for Ircon PB Tollway Limited (IrconPBTL) at a value of Rs.681 crore.
2. Four-laning of Shivpuri to Guna from Km 236.00 to Km 332.100 (Package I) in the State of Madhya Pradesh to be executed on BOT (Toll) on DBFOT pattern under NHDP Phase –IV), for Ircon Shivpuri Guna Tollway Limited (IrconSGTL) at a value of Rs.670 crore.
3. The work of system improvement, strengthening and augmentation of distribution system to bring down AT&C losses and improve quality of consumer supply of Meerut town of Uttar Pradesh, to be carried out under RAPDRP Part-B scheme on turnkey basis including supply of material, for PVVNL, at a value of Rs.329 crore.

## **NEW PROJECTS IN INDIA:**

During 2018-19, Company took the following projects in India for a total value Rs.7635 crores in its order book.

1. Construction of New BG Electrified Rail Line between Dharamjaigarh to Korba (Urga) of Chhattisgarh East Railway Limited (CERL-II) at total value of Rs.1138 crore;
2. Construction of Corridor-III of East West Corridor between Gevra Road to Pendra Road in the State of Chhattisgarh for Chhattisgarh East-West Railway Limited (CEWRL) at value of Rs.260 crore;
3. Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Jharkhand Central Railway Limited (JCRL), at value of Rs.1139 crore as per approved DPR.
4. Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Mahanadi Coal Railway Limited (MCRL), at value of Rs.1079 crore.
5. Execution of rail connectivity projects identified by Bastar Railway Private Limited (BRPL), at value of Rs.1513 crore.
6. Construction of Eight Lane Vadodara Kim Expressway from Km 323.00 to Km 355.00 (Sanpa to Padra Section of Vadodara Mumbai Expressway) in the State of Gujarat under NHDP Phase-VI on Hybrid Annuity Mode (Phase IA-Package II), for Ircon Vadodara Kim Expressway Limited (IrconVKEL) at value of Rs.1378 crore.
7. Additional work under the Construction of SivokRangpo New BG Rail Link Project, for North-East Frontier Railway at a value of Rs.1128 crore.

## **FINANCIAL PROFILE**

During the financial year 2018-19, Ircon achieved a total operating income of Rs.4415 crore, registering 13.47% increase over previous year's operating income of Rs.3891 crore.

Some important indicators of financial performance of the Company for the year 2018-19 vis-à-vis 2017-18 are given below:

(Rs. in crore)				
Sl. No.	Particulars	2018-19	2017-18	Increase / (Decrease) [in %]
1.	Total income / turnover	4680	4123	13.56
2.	Total Operating income / turnover	4415	3896	13.47
3.	Operating income from Foreign Projects	585	601	(2.50)
4.	Operating income from Indian Projects	3829	3295	16.38
5.	Profit before tax	615	533	16.04
6.	Profit after tax	445	391	14.69
7.	Net worth	3950	3752	5.31
8.	Dividend	202.63	192.40	5.32

## **SHARE CAPITAL / DEMATERIALIZATION:**

As on 31<sup>st</sup> March, 2019, the Authorized share capital of the Company was Rs.400 crore consisting of 40 crore equity shares of Rs.10/- each and the issued and paid-up share capital of the Company was Rs.94.05 crore consisting of 9,40,51,574 equity shares of Rs.10/- each. All the shares (except only 17 shares in physical form) are held in dematerialized form.

The details of dematerialization of shares, Demat Suspense Account / Unclaimed Suspense Account is provided in Corporate Governance Report.

## **ORDER BOOK**

The Company has secured works worth Rs.7635 crore during the year 2018-19. The order book as on 31<sup>st</sup> March 2019 stood at Rs.33,901 crore (approx) as compared to Rs.22,407 crore (approx.) as on 31<sup>st</sup> March 2018.

## **CSR & SUSTAINABILITY**

During the year, Company has spent Rs.8.75 crore towards Corporate Social Responsibility (CSR) activities in promoting flagship programmes like Skill India, Digital India, Serva Shiksha Abhiyan, Swachh Bharat, Namami Gange etc. and areas like gender equality and women empowerment, environment sustainability, employment enhancing vocational skills, welfare activities for SC/ST/OBCs, minorities and women, etc.

## SUBSIDIARIES AND JOINT VENTURE COMPANIES

Presently, Ircon comprises of five subsidiaries (viz. Ircon Infrastructure & Services Limited, Ircon PB Tollway Limited, Ircon Shivpuri Guna Tollway Limited and Ircon Davanagere Haveri Highway Limited and Ircon Vadodra Kim Expressway) and seven JVCs in India (viz. Ircon-Soma Tollway Private Limited, Indian Railway Stations Development Corporation Limited, Chhattisgarh East Railway Limited, , Chhattisgarh East-West Railway Limited, Mahanadi Coal Railway Limited, Jharkhand Central Railway Limited, and Bastar Railway Private Limited).

### Awards

During the year 2018-19, the Company has won following awards:

S.No.	Name of the Award & Received on	For the Project/ Category	Brief about the Award
1.	ET Now Stars of the Industry Award (21.12.2018)	Best Corporate CSR Practices	IRCON has implemented a range of CSR activities in varied developmental areas like Skill Development, Education, Health, Sanitation & Cleanliness, Sports & Culture and many other fields creating and evident impact to the society in the financial year 2017-18. The detailed information on Ircon's CSR Activities is on the company's website.
2.	IBC Award for Excellence in Built Environment (28.12.2018)	For MFC Raebarely Project	Indian Building Congress (IBC) presented this Award at their 23 <sup>rd</sup> Convention organized at Patna. The Modern Coach Factory (MFC), Raebarely is equipped with latest plant and machines with the highest level of automation & robotics for producing 1000 coaches per annum.
3.	Governance Now 6 <sup>th</sup> PSU Awards (17.01.2019)	In value Growth Category for Mini Ratna I Companies	IRCON's consolidated total revenue for the Fiscal Year 2016, 2017 and 2018 were 29,08.63 crore, 33,01.34 crore, and 4212.40 crore, respectively. It's Net Profit after tax (excluding OCI) for Fiscal Year 2016, Fiscal Year 2017 and Fiscal Year 2018 were 3,93.10 crore, 383.97 crore, and 411.58 crore respectively.
4.	Rail Analysis Award (23.01.2019)	Infrastructure Project Excellence in India & Abroad	IRCON has so far completed more than 380 infrastructure projects in India and 127 projects across the globe in more than 24 countries.

5.	8 <sup>th</sup> EPC Word Award (07.02.2019)	For 2 <sup>nd</sup> Bhairab Bridge, Bangladesh	IRCON has successfully completed and commissioned the project of Construction of 2 <sup>nd</sup> Bhairab Railway Bridge with Approach Rail Lines (US\$ 40.10 million)
6.	Pride of HR Professional in PSU (16.02.2019)	To Ms. Jaishri Sharma by World HRD Congress	Ms. Jaishri Sharma is serving IRCON as AGM/HRM. This individual award was a recognition for her strategic perspective, track record, future orientation and integrity & ethics.
7.	Amity Excellence Award (21.02.2019)	To CMD for best practices in the construction and infrastructure section.	The award was conferred upon Shri S.K. Chaudhary, CMD, IRCON who has over 35 years of experience in the Construction Sector. He started his career with IRCON and worked about 23 years in various capacities. He later worked with HUDCO as Sr. Executive Director and then NBCC before he joined back IRCON as Chairman & Managing Director.
8.	Award of Excellence (23.02.2019)	For best practices in the Corporate Sector	The award was presented jointly from the University of Engineering & Management (UEM), Jaipur and University of Engineering & Management (UEM), Kolkata for IRCON's immense contribution to the corporate world.
9.	Rajbhasha Encouragement Award (28.02.2019)	For best implementation of Hindi	This award was presented during 48 <sup>th</sup> meeting of Nagar Rajbhasha implementation Committee (Enterprise -1) at Delhi
10.	11 <sup>th</sup> CIDC Vishwakarma for Social Development & Impact (07.03.2019)	For CSR practices in Raigarh (Chhatisgarh)	In one of the CSR activities of IRCON, the company contributed Rs. 33 lakh to NBCFDC skill development training programmes for backward classes' youths of Chhatisgarh.
11.	11 <sup>th</sup> CIDC Vishwakarma for Best Professionally Managed Company (07.03.2019)	In > Rs. 1,000 crore turnover category	IRCON has a distinction of not making loss since its inception in 1976. The company has never left any project uncompleted. It has consistently been a dividend paying company. The company is growing in a competitive environment as a truly professional company.

12.	11 <sup>th</sup> CIDC Vishwakarma for Best Construction Project (07.03.2019)	For Shivpuri-Guna project	IRCON has successfully completed the four laning project of Shivpuri to Guna on NH 46, well before the schedule time. The construction of 85 km road, the first phase of the project, costing of Rs.759 Cr was done on Design, Build, Finance, Operate & Transfer (DBFOT) basis. The achievement was appreciated by the Hon'ble Union Minister Sh. Nitin Gadkari.
13.	CIDC Partens in Progress Trophy 2019 (07.03.2019)	For display of utmost commitment and drive to create a vibrant work environment	The CIDC Partens in Progress Trophy is a token of appreciation to honour organizations that have been partners in the progress of CIDC and have displayed their utmost commitment and drive to create a vibrant work environment for the construction fraternity especially for achieving targets of "Mission Skilling India".

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