

**REVIEW OF ANNUAL REPORT AND AUDITED ACCOUNTS OF IRCON
INTERNATIONAL LIMITED FOR THE YEAR 2012-13**

BACKGROUND

Ircon has a long standing reputation as a consistent sectoral leader amongst the public sector construction companies in the Country with specialization in Railway and Highway constructions on turnkey basis and otherwise. The Company is a Schedule 'A' since 15th May 2006; a Mini Ratna Category-I since 1998 and ISO certified since 1995. Ircon has been consistently earning profits and foreign exchange and paying dividend every year, without exception.

FINANCIAL HIGHLIGHTS

During 2012-13, the Company achieved its highest ever operating income of Rs. 4232 crores, approx. 18% more than that achieved in 2011-12. Further, it has achieved a quantum jump of 69% in profit before tax from Rs. 602 crores in 2011-12 to Rs. 1015 crores in 2012-13. The profit after tax has also increased by 55%. All the targets under the MoU for 2012-13 have been achieved / surpassed which would bring the Company under "Excellent" MoU rating.

Ircon is one of the only four Indian companies which made it to the list of top 250 International Contractors 2013 as per Engineering News Record (ENR), USA. During the last five years, the Company has recorded a compounded annual growth rate of 16.44% in turnover and 44.61% in terms of profit before tax.

The Company had issued bonus shares in the ratio of 1:1 during the year 2012-13 whereby the paid-up share capital got enhanced from Rs. 9.898 crores to Rs. 19.796 crores. The Company has paid a **record dividend** of Rs. 148.47 crores for the year 2012-13 (including interim dividend of Rs. 49.49 crores paid in January 2013) which works out to 750% on the paid-up share capital, which is approx. 20.34% of the post-tax profits of Rs. 730 crores.

Railways continued to be the primary sector of interest. During 2012-13, Railways accounted for 92% of operating income, Highways accounted for 5%, and the balance 3% was contributed from buildings, electrical projects, etc. Foreign projects contributed 49% to total income during the year.

Some important indicators of financial performance of the Company for the year 2012-13 vis-a-vis 2011-12 are given below:

Particulars	(Rs. in crores)	
	2012-13	2011-12
1. Total income/Gross sales	4481	3782
2. Operating income	4232	3601
3. Profit before tax	1015	602
4. Operating margin	1058	659
5. Net worth	2300	1743

OPERATIONAL HIGHLIGHTS

The on-going **projects abroad** are in Malaysia, Sri Lanka, and Algeria.

Important projects under execution in India include BG New Railway line from Dharam to Qazigund, Rail-cum-road bridge across river Ganga, New Rail Coach Factory at Rae Bareilly (U.P), Sivok-Rangpo new rail line project, Rail Link between Jogbani (Bihar) India to Biratnagar (Nepal), Rail Link between Jayanagar (India) – Bijalpura (Nepal), Road over Bridges in the State of Rajasthan and Bihar, the Nation building projects under Pradhan Mantri Gram Sadak Yojana (PMGSY) and Rashtriya Sam Vikas Yojana (RSVY) and Railway siding for Kalisindh Power Project, Jhalawar, Rajasthan.

In foreign countries, the Company has completed the project for upgradation of Colombo-Matara coastal Railway Line and also the project for restoration of Medawachchiya to Madhu Road Railway line in Sri Lanka. In Ethiopia, sub-station equipments for Ethiopian Electric Power Corporation (EEPCO), and in Afghanistan, sub-station (new) at Aybak and bay expansion work have been completed.

The Company has also completed **six projects** in India which includes Aligarh-Ghaziabad Rail project for RVNL, Lucknow-Mughalsarai Railway Electrification project for Central Organisation for Railways Electrification, 3 highway projects for NHAI, and College of Veterinary Sciences and Animal Husbandary for Central Agricultural University, Imphal.

AWARDS

The Company has so far received **45 awards from PEPC** [formerly known as Overseas Construction Council of India (OCCI)] and **24 awards from EEPC**. **The awards received during the year include:** Dun & Bradstreet's India's Award 2012 in the category of the "Best Public Sector Undertaking in Engineering & Construction" for the year 2012, Global HR Excellence Award for "CEO with HR Orientation" by Institute of Public Enterprises, and Silver Trophy from EEPC for Export Excellence in the category of Top Merchant Exporter for the year 2011-12.

GOVERNANCE AND SUSTAINABILITY

CSR & SD: The Company has executed CSR and Sustainability projects to the tune of Rs. 10.7 crores in the areas of health, education, environment, and skill development in and around its projects.

R&D: The Company is using modern technology and state of the art equipments in the execution of infrastructure projects. Supervisory Control and Data Acquisition System (SCADA) for 11 KV system for controlling power supply and monitoring safety of electrical equipment has been used successfully for the first time in tunnel ventilation application in the Pir Panjal Tunnel of J&K project.

OHSAS: The Company, which is already certified for Quality (ISO 9001:2008) and Environment Management Systems (ISO 14001:2004), has been certified during the year for Occupational Health and Safety Management System (OHSAS 18001:2007).