

Business

IRCON prepares to bid for Zoji-La tunnel and bullet train project

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Overall, the company has a current order book of Rs 47,000 crore and work on projects worth Rs 28,000 crore has already commenced.

As far as the top line is concerned, the company expects growth of at least 18-20 percent for FY20, may grow at 30 percent on better orders.



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State-run construction company IRCON International Ltd is preparing to bid for two major projects this year, including high-speed rail corridor or bullet train and Zoji-La tunnel, in an attempt to boost its revenues.

"We are eyeing new projects that are coming up, the high-speed rail corridor and the challenging project of Zoji-la tunnel. We have started our preparation for bidding and conducting cost analysis

and for high-speed, work is going on an advanced stage," chairman and managing director SK Chaudhary told CNBC-TV18 in an exclusive interaction.

In addition, the central public sector enterprise also plans to take up more works of Indian Railways in the current financial year. IRCON, which is also involved in rail electrification, sees the electrification of nearly 7,000-km rail tracks in the current financial year.

Overall, the company has a current order book of Rs 47,000 crore and work on projects worth Rs 28,000 crore has already commenced.

The company's standalone net profit fell by 55.81 percent to Rs 95.59 crore during the quarter ended March 31, on account of higher expenses. For the year ended March 31, its net profit stood at Rs 444.68 crore as compared to Rs 387.90 crore a year ago.

The quarterly performance during October-December was aided by tax refund and exchange rate gain and these factors were not there during the March quarter but this year, these factors will be evenly spread out, Chaudhary added.

The company will also focus on neighbouring countries such as Sri Lanka, Nepal, Bangladesh, and far east countries like Malaysia and Thailand and may also enter into strategic tie-ups for these projects.

The government, which holds 89.18 percent stake in Ircon International, is required to bring it down to 75 percent under the Sebi's minimum public shareholding norms. The cabinet has already approved the union finance ministry's proposal to reduce government shareholding to 75 percent in the railway firm.

"Government is the owner of the company, they have decided to divest some stake. Have already divested by 10 percent, further government planning to bring down its stake to 75 percent as per Sebi guidelines. Yes, we will also like that as we will be able to raise this money for business expansion," Chaudhary said, adding that the company would go to the market for raising money towards the end of 2019.

As far as the top line is concerned, the company expects growth of at least 18-20 percent for FY20, may grow at 30 percent on better orders. For the bottom line, IRCON expects competitive projects and operating margins of 15-20 percent on foreign projects to aid its net profit for 2019-20 (April-March).