

MEMORANDUM
OF
UNDERSTANDING
BETWEEN
MINISTRY OF RAILWAYS
AND
IRCON INTERNATIONAL LIMITED
FOR THE YEAR
2016 - 17



**MEMORANDUM OF UNDERSTANDING
BETWEEN
MINISTRY OF RAILWAYS AND IRCON
(2016-17)**

Ircon International Limited (Ircon), was incorporated on 28th April 1976 mainly for the purpose of construction of Railway Projects in India and abroad with the help of expertise from Railways. Ircon is a Schedule 'A' company, a Mini Ratna Category - I company, and an ISO certified Company for Quality Management System for the Organisation and Environment Management system.

The core competence of Ircon is in Railways, Highways & EHT sub-station engineering and Construction. The Company has executed projects in the areas of Railways construction including ballastless track, electrification, tunnelling, 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.





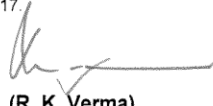
PERFORMANCE CRITERIA MOU 2016-17

Sl No.	Evaluation Criteria	Unit	Wt.	MoU Targets				
				Excellent	V. Good	Good	Fair	Poor
i	Capacity Utilization: New Orders booked during the year (Other than SPVs)	Rs Cr.	10	6,000	5,500	5,000	4,500	4,000
ii	Efficiency Parameters (Physical operation):							
A	Production efficiency: Completion of milestone of Railway work/ assignment without time over run for Indian projects. (List of assignment are attached as Annexure - A)	%	10	100	90	80	70	60
B	Technology up-gradation: Sector specific steps to upgrade technology/ operational environment.		5	As per Annexure - B attached.				
iii	Leveraging Net Worth: Completion of JV / SPV Projects / assignments without time over run (List of SPV/ JVs Projects are attached as Annexure-C)	%	15	100	90	80	70	60
iv	Monitoring Parameter: Completion of Milestone of client work without time over run for Foreign /other projects. (List of Projects are attached as Annexure - D)	%	5	100	90	80	70	60
v	Turnover from Operation: Revenue from Operation (Net of excise duty)	Rs Cr.	10	5,100	4000	3800	3600	3400
vi	Operating Profit: Profit before tax (excluding Other Income, extraordinary and exceptional Items) as percentage of Revenue from Operations.	%	10	6.00	5.75	5.50	5.25	5.00
vii	Early signs of weakness: Reduction in Claims against the Company not acknowledged as debt (net of provisions and amount reimbursable by client) (excluding Central / State & Local authorities) over the previous year.	%	5	4	3	2	1	0
viii a)	Marketing efficiency Parameter: Expense on J&K project including advances to sub-contractors.	Rs. Cr.	5	800	700	650	600	550
viii b)	Marketing efficiency Ratio: Trade Receivables as percentage of Revenue from Operations (Gross)	%	5	20.00	22.00	24.00	26.00	28.00
ix	Return on Investment:							
A	Dividend/PAT	%	5	40.00	38.00	36.00	34.00	32.00
B	PAT/Net Worth	%	10	10.30	8.29	7.80	7.25	6.60
C	Dividend /Net worth	%	5	4.12	3.15	2.81	2.47	2.11
	Total		100					

Notes:

- Where achievement is not verifiable from annual report, the same would be accepted on the basis of certification by way of resolution from the Board of Directors.
- The targets finalized by the Inter-Ministerial Committee (IMC) are based on provisional ^{figures} submitted by the Company for financial year 2015-16. In case of better performance during the year 2015-16 as compared to provisional ^{figures} given to the Committee, the difference shall be added to the targets of 2016-17.
- Targets decided in MoU are unconditional and no offset will be allowed in any condition. Further evaluation would be subject to compliance of additional eligibility criteria as contained in paras 14.2 and 14.3 of MoU Guidelines 2016-17.


(Mohan Tiwari)
Chairman & Managing Director
Iron International Limited
New Delhi.


(R. K. Verma)
Secretary, Railway Board
Ministry of Railways
New Delhi.

MoU 2016-17
Approved by IMC
Signed 

Annexure - A

MoU 2016-17 -- Production Efficiency : Railway Project Implementation

Sl. No.	Name of the project	Value (Rs. in Crores)	Milestone / Item	Target for Achievement of Milestone	Unit
1	Sivok-Rangpo New BG Rail project	3,490.00	Start of work at Sivok-Rangpo project on stretches where land is made available by the Railways upto 30.09.2016.	15.03.2017	Date
2	Construction of Rail link between Jogbani to Birat Nagar	370.59	Earthwork Bridges/ Culverts/ Blanketing work to be completed in available land as on 30.6.2016	15.03.2017	Date
3	Construction of Rail link (Gauge conversion) between Jayanagar to Bijalpura	721.10	Earthwork/ Minor Bridges to be completed in available land upto Bijalpura (15 km).	15.03.2017	Date
4	Development of circulating areas at Santragachi and essential passenger amenities and road connectivity to Kona Expressway for South Eastern Railway	208.00	27 % Completion of station Building & foot over bridge	31.03.2017	%age
5	Development of coach terminal at Shalimar and provision of essential passenger amenities for South Eastern Railway	208.00	65% Completion of station Building	31.03.2017	%age
6	Hajipur Bachwara: (ECR)	568.71	Finalisation of Tender of earthwork & minor bridges	31.10.2016	Date
			Financial Progress of 10% of the project cost	31.03.2017	%age
7	Kiul Gaya : (ECR)	1,027.29	Finalisation of Tender of earthwork & minor bridges	31.10.2016	Date
			Financial Progress of 10% of the project cost	31.03.2017	%age
8	Katani -Singrauli: (WCR)	1,496.78	Finalisation of Tender of earthwork & minor bridges	31.10.2016	Date
			Financial Progress of 10% of the project cost	31.03.2017	%age
9	Rampur Dumra – Tal – Rajindrapul (RTR) - ECR	1,417.06	Financial Progress of 10% of the project cost	31.03.2017	%age
	Total	9,507.53			Total

* All Projects milestones carry equal weightage







Annexure - B

MoU 2016-17 -- Technology Up gradation

Sl. No.	Parameter	Unit	Wt.	PERFORMANCE RATING				
				Excellent	Very Good	Good	Fair	Poor
1	Udhampur - Srinagar - Baramula (USBRL) Rail Line project of J&K - Tunnel Excavation	km	2	24.2	19	17	16	15
	Completion of Anji Bridge related work	Date	2	01.03.2017	08.03.2017	15.03.2017	22.03.2017	31.03.2017
	Finalisation of tenders of balance 8 bridges.	Date	1	01.03.2017	08.03.2017	15.03.2017	22.03.2017	31.03.2017

Total 5

Details of Anji Bridge work are as follow:

Assignments*	Unit	Excellent	Very Good	Good	Fair	Poor
Appointment of Design consultant and approval of Design Basis Note and GAD;	Date	01.03.2017	08.03.2017	15.03.2017	22.03.2017	31.03.2017
Approval of Design and specifications for construction tender;	Date	01.03.2017	08.03.2017	15.03.2017	22.03.2017	31.03.2017
Appointment of construction Contractor and mobilization at site	Date	01.03.2017	08.03.2017	15.03.2017	22.03.2017	31.03.2017

* All the assignments carry equal weightage

MoU 2016-17
Approved by IMC

Signed 





Annexure - C

MoU 2016-17 -- Leveraging Network : Projects under SPVs / Joint Ventures

Sl. No.	Name of the project	Value (Rs. in Crores)	Milestone / Item	Target for Achievement of Milestone	Unit
1	Chhattisgarh East Corridor Rail Project	1200	Completion of earthwork and minor bridges in obstruction free stretches (60 km)	31.03.2017	km
2	Chhattisgarh East - West Rail Project	2850	Start of work on East-West Corridor (All stretches where forest clearance and land acquisition is completed by 30.09.2016 and financial closure is achieved).	01.12.2016	Date
3	Widening & Strengthening of the existing Bikaner - Phalodi Section to four lane in the State of Rajasthan (163 km)	646	Physical Completion of Earthwork and culverts cumulative (two laning) - 100 km	31.03.2017	km
4	Four Laning of Shivpuri to Guna Section of NH-3 from km 236.00 to km 332.100 in the State of Madhya Pradesh on DBFOT (Design, Built, Finance, Operate, and Transfer) Basis	642	Physical Completion of Earthwork culverts and minor bridges except major bridges cumulative (two laning) - 50 km	31.03.2017	km

* All Projects milestones carry equal weightage



Annexure - D**MoU 2016-17 -- Project Monitoring**

Sl. No	Name of the project	Value (Rs. in Crores)	Milestone / Item	Target for Achievement of Milestone	Unit
1	Procurement of plant design, supply and installation of overhead track equipment, traction sub-station, auxiliary power supplies sub-station, bulk power supplies switching stations and signaling systems for Majuba Rail Project (Client - ESKOM Holdings SOC Limited, South Africa)	336	(a) Review of Design of entire OHE as per client's requirements.	30.11.2016	Date
			(b) 25 KV, OHE works in 30 km stretch to be completed	31.01.2017	Date
2	Signaling project on turnkey basis at 11 stations between Ishurdi-Darsana, Bangladesh	60	Installation at 6 number of stations	31.03.2017	No. of Stations
3	2nd Bhairab Railway Bridge in Bangladesh	226 (Ircon's share)	Completion of 2nd Bhairab Railway Bridge - Ashuganj section including bridge	25.03.2017	Date
4	DFC (Western Corridor CTP-12)	2170	21% completion of Earthwork and minor bridges	31.03.2017	% completion
5	Design, supply, installation, testing & commissioning of receiving-cum-traction and auxiliary main sub-station under CE-6, Lot-1, Delhi MRTS project, Phase-III, DMRC	260	90% financial progress	31.03.2017	% completion
6	Contract KT-4- Ballastless Track (BLT) of Standard Gauge in elevated section of Aluva-Peta corridor for Kochi Metro Rail Limited	162	Completion of BLT length assigned to IRCON between Aluva to Maharaja College by 30.09.2016	31.01.2017	km
7	Ballastless track (BLT) at Mukundpur-Lajpat Nagar section in Delhi (excluding line 7 in elevated and underground section and ballastless track in Mukundpur Depot) for DMRC	197.67	Balance Length of BLT for which land access is given by 30.09.2016	22.02.2017	km
8	R-APDRP projects in Meerut (B/1161) in Uttar Pradesh	329	Completion of work	31.03.2017	Date

* All Projects milestones carry equal weightage



Annexure - E

TREND ANALYSIS

(In Rs. crore)

Sl. No.	Evaluation Criteria	Unit	Financial Year					
			2011-12	2012-13	2013-14	2014-15	2015-16 (UFR)	2016-17 Projected
1	Capacity Utilisation Work Secured during the year.	Rs. Crore	4,073.00	4,236.00	4,449.00	5,039.00	6,993.00	5,000.00
2	Efficiency Parameters (Physical operations) Completion of Milestone of Railway work without time over run							
3	CAPEX / Investment	Rs. Crore	-	-	266.65	217.98	161.65	
4	Paid-Up Share capital	Rs. Crore	9.90	19.80	19.80	19.80	19.80	19.80
5	Accumulated Reserves	Rs. Crore	1,733.04	2,280.57	2,973.23	3,333.71	3,525.50	3,684.48
6	Net Worth	Rs. Crore	1,742.94	2,300.37	2,993.03	3,353.51	3,545.30	3,704.28
7	Borrowings (shown in Non-current Liability)	Rs. Crore	-	-	-	-	-	-
8	Borrowings/Net Worth	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
9	Percentages of value of CAPEX contracts/ projects running/ completed during the year without time/ cost overrun to total of CAPEX contracts running/ completed during the year (wherever applicable)							
10	Revenue from Operations (Gross)	Rs. Crore	3,601.41	4,231.78	3,912.29	2,959.46	2,279.64	3,800.00
11	Revenue from Operations (Net of Excise Duty)	Rs. Crore	3,601.41	4,231.78	3,912.29	2,959.46	2,279.64	3,800.00
12	Profit before tax	Rs. Crore	602.14	1,014.73	1,249.06	844.29	551.72	429.00
13	Other Income	Rs. Crore						
	Interest		158.86	217.36	229.51	217.81	205.70	195.00
	Dividend		0.41	2.29	4.05	3.21	5.05	5.00
	Others		21.24	29.79	14.63	36.39	62.11	20.00
	Total		180.51	249.44	248.19	257.41	272.86	220.00
14	Extraordinary Items	Rs. Crore	-	-	-	-	(195.00)	-
15	Exceptional Items	Rs. Crore	-	-	-	-	-	-
16a	Profit before tax (excluding Other Incomes, Extraordinary and Exceptional Items)	Rs. Crore	421.63	765.29	1,000.87	586.88	83.86	209.00
16b	Prior Period Adjustments	Rs. Crore	11.49	4.95	(155.12)	9.89	(21.80)	-
16	Profit before tax (excluding Other Incomes, Extraordinary, Exceptional Items and Prior Period Items)	Rs. Crore	433.12	770.24	845.75	596.77	62.06	209.00

17	Profit After Tax	Rs. Crore	469.92	729.99	906.50	579.39	369.84	280.53
18	Total Expenses [excluding extra ordinary/ exceptional items, if shown separately and Tax (Income Tax) Expense]	Rs. Crore	3,147.32	3,449.95	3,056.92	2,276.46	2,125.68	3,569.30
18a	Revenue from Operations (Net)/Total Expenses [excluding extra ordinary/ exceptional items, if shown separately and Tax (Income Tax) Expense]	%	114.43%	122.66%	127.98%	130.00%	107.24%	106.46%
19	Closing Inventory of finished goods/ Material & Stores in Hand	Rs. Crore	67.96	38.65	35.82	58.41	92.91	90.00
20	Closing Inventory of Work-in-progress	Rs. Crore	66.55	85.91	82.98	55.88	48.31	50.00
	Total Closing Inventory	Rs. Crore	134.51	124.56	118.80	114.29	141.22	140.00
21	Sale of Products (Net of Excise duty)	Rs. Crore	3,601.41	4,231.78	3,912.29	2,959.46	2,279.64	3,800.00
	Inventory Turnover Ratio		26.77	33.97	32.93	25.89	16.14	27.14
22	Number of Days of Inventory of finished goods and Work-in-progress to Sale of Products (wherever applicable)	No. of days	14.00	11.00	11.00	14.00	23.00	13.00
23	Trade Receivables of over 6 months (net of provisions)	Rs. Crore	45.04	159.97	134.32	67.90	39.54	84.74
24	Trade Receivables (Total)	Rs. Crore	846.60	1,098.78	662.43	571.50	523.44	912.00
25	Trade Receivables as percentage of Revenue from Operations (Gross)	%	23.51%	25.96%	16.93%	19.31%	22.96%	24.00%
26	Cash and Bank Balance	Rs. Crore	2,601.19	3,103.23	2,675.36	3,202.83	4,540.95	3,540.95
27	PAT/ Net Worth	%	26.96%	31.73%	30.29%	17.28%	10.43%	7.57%
28	Dividend	Rs. Crore	94.03	148.47	182.12	182.12	147.94	100.99
28a	Dividend/ PAT	%	20.01%	20.34%	20.09%	31.43%	40.00%	36.00%
29	Dividend/ Net Worth	%	5.39%	6.45%	6.08%	5.43%	4.17%	2.73%
30	Claims against the Company not acknowledged as debt (Net of Provisions and amount reimburseable by client).	Rs. Crore	424.15	631.92	1,051.47	735.63	864.18	846.90
	By Central Government Departments		129.08	122.85	195.02	132.66	261.16	255.94
	By State Departments		-	-	-	71.90	71.10	69.68
	By CPSEs		-	-	-	-	-	-
	By Others (By Sub - contractors)		295.07	509.07	856.45	531.07	531.92	521.28
	Operating Profit to Operating Turnover		12.03%	18.20%	21.62%	20.16%	2.72%	5.50%

Annexure - F

Self Declaration

It is hereby certified that the targets / actual achievements in respect of MoU parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2016-17. In case, any deviation is found at any point of time, DPE is free to evaluate the performance as per MoU Guidelines. CPSE has no right of claim in this regard.



(Mohan Tiwari)
Chairman & Managing Director
Ircon International Limited