

## 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 "Ircan 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 share capital 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 engineering and construction company, specializing in major infrastructure sectors, 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. We provide EPC services on a fixed-sum turnkey basis as well as on item rate basis for various infrastructure projects. IRCON also executes projects on Build-Operate-Transfer (BOT) / Hybrid Annuity Mode (HAM) basis and cost-plus basis by leveraging the financial strength of the Company to sustain future earnings. IRCON is headquartered in Saket, New Delhi and thirty eight (38) Project offices and four (4) regional offices to support and manage its business operations throughout India and five (5) overseas project offices in Sri Lanka, Bangladesh, Malaysia, South Africa and Algeria to provide outside support overseas.

##### 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 of IRCON 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.

So far, IRCON has delivered over 128 projects in 25 countries across the globe and over 390 projects in India. As per the 2020 edition of the USA's Engineering New Record (ENR), IRCON is the only Indian PSU to make it to the list of top 250 international contractors.

## **INTERNATIONAL PROJECTS**

The following are the three on-going international projects in:

- (a) **Bangladesh** - Khulna-Mongla Port Rail Line Project for Bangladesh Railway - Construction of Embankment, Track, all civil works, major & minor bridges (Except Rupsha Bridge) & culverts and implementation of EMP against WD1 .
- (b) **Algeria** - ANESRIF, Ministry of Transport, Government of Algeria - Installation of double track line (93 kms) in Algeria awarded by.
- (c) **Sri Lanka** - Up-gradation of Railway Line from Maho to Omanthai Project under Indian Line of Credit of Sri Lankan Railways, Government of Sri Lanka - Track Rehabilitation and ancillary works.

## **DOMESTIC PROJECTS**

During the financial year 2019-20, IRCON has completed three domestic projects in India viz.:

- (a) Setting up of new Rail Coach Factory at Rae Bareilly including additional works, for Ministry of Railways at a value of Rs.2,605 crores.
- (b) Construction of Road Over Bridges (ROBs) in the State of Bihar, for Ministry of Railways, Government of Bihar at a value of Rs.671 crores.
- (c) Construction of ROBs in the State of Rajasthan, for Ministry of Railways, Government of Rajasthan at a value of Rs.649 crores.

In addition to the above, IRCON is also undertaking the commercial development of 4.3-hectare railway land at Western Express Highway, Bandra East, Mumbai on lease for 99 years. For this, IRCON has also entered a Memorandum of Understanding on 26<sup>th</sup> March 2018 with the Rail Land Development Authority (RLDA) for transfer of lease hold rights to IRCON for commercial development on the said land parcel. In consideration of its role and responsibilities, IRCON is entitled to receive from RLDA, a fee for an amount equivalent to a total of 3% of the Upfront Lease Premium for which a tripartite loan agreement was entered between IRCON, RLDA and Indian Railway Finance Corporation Limited (IRFC).

**ONGOING MAJOR PROJECTS IN INDIA:**

SN	Category	Name of Project	Revised Contract Value (Rs. In Cr.)
1.	Railway	Katra-Qazigund section (IRCON's portion), Udampur Srinagar Baramulla Rail Link Project, for Northern Railway	13,359
2.	Railway	Construction of Corridor-III of East-West Corridor between Gevra Road to Pendra Road approximately 135 km, feasibility study of East-West Corridor between Gevra Road to Pendra Road in the State of Chhattisgarh, for Chhattisgarh East-West Railway Limited (CEWRL)	3,198
3.	Railway	Sivok-Rangpo New Rail Line project, for North Frontier Railway	4,085
4.	Railway	Construction of Corridor-I of East Corridor between Kharsia to Dharamjaygarh and Spur Line in the State of Chhattisgarh, for Chhattisgarh East Railway Limited (CERL).	1,855
		Construction of New BG Electrified Rail Line between Dharamjaigarh to Korba (Urga) for CERL (CERL-II).	1138
5.	Railway	Execution of rail connectivity projects identified by Bastar Railway Private Limited (BRPL).	1,466
6.	Railway	Design and Construction of Civil, Building and Track Works of Vaitarna-Sachin Section of Dedicated Freight Corridor Project, CTP-12, for Dedicated Freight Corridor Corporation of India Limited (DFCCIL)	2171
7.	Roads	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).	1543
8.	Railway	Katni Grade Seperator / By pass line (21.50 Km) Project, for West Central Railway.	1248
9.	Railway	Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Mahanadi Coal Railway Limited (MCRL)	1192
10.	Railway	Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Jharkhand Central Railway Limited (JCRL).	1149

11.	Roads	Six-Laning of Davanagere-Haveri (from Km. 260+000 to Km. 338+923) of NH-48 in the State of Karnataka for Ircon Davangere Haveri Highway Limited (IrconDHHL) on Hybrid Annuity Project on DBOT Annuity under NHDP – Phase V – EPC Cost, for National Highways Authority of India (NHAI).	1027
12.	Railway	Construction of rail link between Jayanagar (India) - Bijalpura (Nepal) (Gauge Conversion) with extension up to Bardibas on India-Nepal border, for East Central Railway.	819
13.	Railway	(i) Doubling projects for East Central Railway at:- (a) Hajipur - Bachwara (b) Kiul - Gaya (c) RDUM-TAL-RJO (Rampur Dumra -Tal-Rajendrapul Doubling including Ganga Bridge) (ii) Doubling projects for West Central Railway at Katni – Singrauli Doubling Project	679 (Hajipur-Bachwara); 1200 Kiul Gaya; 1491 (RDUMTAL-RJO); 1763 (Katni-Singrauli)
14.	Roads	Construction/Upgradation of Rural roads and bridges in 5 districts of Jharkhand - PMGSY Projects, for Ministry of Rural Development, Government of India and State Government of Jharkhand.	607
15.	Railway	Akhaura - Agartala Rail Link Project ( Construction of Indian Portion), for North Frontier Railway	570
16.	Electrical	Mathura-Kasganj-Kalyanpur Railway Electrification Project with Signalling, for North Eastern Railway	433
17.	Electrical	RAPDRP – Part B Project under Jammu province (Cluster – I, Jammu left), (Cluster-II, Jammu Right), and (Cluster IV) (Akhnoor, Rajouri, Poonch, Udampur, Doda, Kishtwar & Bhaderwah), for J&K Power Development Department.	420
18.	Railway	Development of circulating area at Santragachi and essential passenger amenities and road Connectivity to Kona Expressway, for South Eastern Railway	380
19.	Railway	Construction of Rail Link between Jogbani (Bihar)India to Biratnagar (Nepal), for North Frontier Railway	370
20.	Railway	Development of coaching terminal at Shalimar by provision of essential passenger amenities, for South Eastern Railway.	341

21.	Railway	Construction of Railway Siding for proposed 3.0 MTPA Integrated Steel Plant at Nagarnar Near Jagdalpur, Chhattisgarh for NMDC Limited: a) Package-I - Execution of Civil & Railway Allied works b) Package-II - Execution of Civil, Signalling & Telecommunication, Mechanical and Structural works c) Package-IV - Construction of New Block Station, Staff Quarters and associated P-Way, OHE and S&T works.	283 (Package-I), 79 (Package-II) and 84 (Package-IV)
22.	Electrical	Railway Electrification work for Katni–Singrauli, for West Central Railway.	282
23.	Station Building	Re-development of Safdarjung Railway Station, for RLDA and Ministry of Railways.	262
24.	Institutional Building	Design, Drawing and Construction of External Development works & External Services at National Institute of Technology (NIT), Mizoram.	162
25.	Railway	Setting up of two electric loco sheds to home 200 three phase locos at Daund, (for Central Railway) and Bondamunda (for South Eastern Railway).	95 (Daund) 204 (Bondamunda)
26.	Railway	Visakhapatnam (Diesel Loco shed) – Augmentation of shed for homing 100 HHP locomotives, for East Coast Railway.	92
27.	Railway	Railway Tracks (In-plant) Package (Package No. 50) for 3.0 MTPA Integrated Steel Plant at Nagarnar, for NMDC Limited.	53
28.	Railway	Civil, Building & Track Works of Western Dedicated Freight Corridor Contract package CTP-11 JNPT – Vaitarana Section (IRCON share 60%), for Dedicated Freight Corridor Corporation of India Limited (DFCCIL).	43
29.	Railway	DPR & Detailed Engineering, Project Management and Construction of Railway Siding connecting MGR system of Dulanga mine-Darlipali STPP with Mahanadi Coal Limited's Siding, for Darlipali Super Thermal Power project, Stage-I (2x800 MW), for NTPC Limited	36
30.	Railway	DPR & Detailed Engineering Project Management and Construction of Coal Transportation System for Nabinagar Supper Thermal Power Project (3x660 MW) for Nabinagar Power Generating Co. Pvt. Ltd.	16

In terms of the Corporate Plan, IRCON has identified Real Estate Sector for selective diversification, keeping in view the tremendous potential in this sector. Considering the properties of the Company located at NOIDA and Gurgaon, and other immovable assets of the Company distributed across the country, the Company has established a separate Estate Management Department to look after the real estate business of the Company.

## **FUTURE PROJECTS IN INDIA:**

In the coming future, IRCON is looking forward to undertake important domestic projects in various sectors such as Railway, Highway and tunnel etc. These includes implementation of various Highway Projects on BOT, EPC and HAM basis, Consultancy works, Tunnel Projects and Railway works on competitive bidding.

## **FINANCIAL HIGHLIGHTS**

During the financial year 2019-20, the Company has earned highest ever total income of Rs.5,442 crore and operating turnover of Rs.5,202 crore, on a standalone basis.

Some important indicators of financial performance of the Company for the year 2019-20 vis-à-vis 2018-19 are given below:

Sl. No.	Particulars	2019-20 (Rs. in crore)	2018-19 (Rs. in crore)	Increase / (Decrease) [in %]
1.	Total income / turnover	5,442	4,680	16%
2.	Total Operating income / turnover	5,202	4,415	18%
3.	Operating income from Foreign Projects	443	586	(24)%
4.	Operating income from Indian Projects	4,759	3,829	24%
5.	Profit before tax	673	615	9%
6.	Profit after tax	490	445	10%
7.	Net worth	4,161	3,950	5%
8.	Dividend (Final & Interim)	223.38	202.63	10.24%

## **IMPACT OF COVID-19**

In view of COVID-19 pandemic and consequent to the nationwide lockdown announced by the Government of India since March 24, 2020, there was a significant adverse impact on the overall Indian economy and hence, on the operations of the Company. Due to COVID-19 outbreak, the Company temporarily suspended the operations in all ongoing projects in compliance with the lockdown instructions issued by the Central and State Governments. These nationwide lockdown restrictions had impacted the normal operations of the Company by way of interruption of project execution, supply chain disruption and unavailability of personnel during the lockdown period. Construction activities now have started at most of the projects. The Company is taking all necessary measures in terms of mitigating the impact of the challenges being faced in the business. Though the long-term directional priorities of the Company remain firm, in light of COVID-19 and its expected impact on the operating environment, the key priorities of the Company would be to closely monitor the supply chain, conserve cash and control fixed costs, while continuing to invest in some of the growth areas.

The working of the Company has been streamlined with work from home norms and roster for the employees as per the guidelines issued by the Government authorities. Further, e-office is being encouraged among the officers for faster working, meetings through video conferencing (VC) are being done to maintain social distancing. In addition, the Company has put in place Standard Operating Procedures (SOPs) in line with Government guidelines for ensuring safety at the workplace.

With the commencement of works at projects, the Company is constantly reviewing its operation and is making every possible effort to make up for the lost time due to the pandemic.

### **ORDER BOOK**

During the year 2019-20, IRCON has secured works worth Rs.633.48 crore. The order book value as on 31st March 2020 stood at Rs.30,713 crore (approx.) as compared to Rs.33,901 crore (approx.) as on 31st March 2019.

### **CSR & SUSTAINABILITY**

The CSR Budget for the financial year 2020 was Rs. 9.88 crores 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 FY2020, IRCON has spent Rs.10.04 crore on its CSR initiatives, and the total fund donated to Prime Minister's Citizen Assistance and Relief in emergency Situation Fund (PM CARES Fund) is Rs.4.5 crores against the balance budget of Rs.5.38 crores. After the close of the year 2019-20, IRCON has contributed an additional amount of Rs. 15.50 crore in PM CARES Fund.

### **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).

### **MOU Rating/Awards**

The rating of the company under the Memorandum of Understanding for the year 2018-19 signed with Ministry of Railways has been 'Excellent'.

The Company has received the following awards during the year 2019-20:

S.No.	Date of Receipt of Award	Name of Award	Category / Project
1.	24.04.2019	7th FICCI Quality Systems Excellence Award for Industry	Certificate of appreciation for Good practices in Quality Systems
2.	25.10.2019	16th ICMAI National Awards for Excellence in Cost Management	Infrastructure and Construction Services (First position)
3.	20.12.2019	ET NOW: Stars of the Industry Award	Talent Leadership Award - For Excellence in HR
4.	06.01.2020	Golden Peacock Award	Risk Management
5.	16.02.2020	ET NOW: World HRD Congress Award	National Best Employer Brand
6.	19.02.2020	7th PSU Governance Now Award	Increasing Geo-Strategic Reach
7.	04.03.2020	Golden Peacock Award	Corporate Social Responsibility
8.	29.06.2019	SKOCH Order of Merit	Shivpuri-Guna Highway Project
9.	29.06.2019 SKOCH	Order of Merit	Mechanisation of Track Laying Process through Automatic NTC Machine
10	29.06.2019	SKOCH Order of Merit	Capacity Building & Training (HRM)

Further, the following awards were presented to the Chairman & Managing Director, IRCON:

S.No.	Date of Receipt of Award	Name of Award	Category
1.	30.04.2019	Institute of Economic Studies (IES) Award, Sri Lanka	Outstanding Global Leadership
2.	20.12.2019	ET NOW: Stars of the Industry Award	CEO with HR orientation
3.	16.02.2020	ET NOW: World HRD Congress Award	Business Leader of the Year
4.	19.02.2020	7th PSU Governance Now Award	PSU Leadership

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