

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 “Ircon 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 73.18% 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 also have 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 forty three (43) Project offices including four (4) regional offices to support and manage its business operations throughout India and five (45) 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 395 projects in India. As per the 2021 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 on-going international projects in Bangladesh, Algeria, Sri Lanka and Nepal:

- (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.
- (d) **Nepal** – Construction of BG Rail line between Jogbani (India) – Biratnagar (Nepal) on Indo-Nepal border and Construction of BG Line by Gauge conversion Jayanagar (India)-Bijalpura (Nepal) with extension upto Bardibas on India Nepal Border.

DOMESTIC PROJECTS

- (a) During the FY 2020-21, IRCON has completed five domestic projects in India viz.
- (b) Construction/ upgradation of rural roads including bridges in 5 districts (Garhwa, Gumla, Ranchi, Lohardaga and Simdega) in the State of Jharkhand at a value of Rs.607 Crore.
- (c) Construction of Six-Laning of Davanagere-Haveri from (Km. 260+000) to Km. 338+923) of NH-48 in the State of Karnataka, for Ircon Davanagere Haveri Highway Limited, at a value of Rs.791.19 Crore.
- (d) Mathura-Kasganj-Kalyanpur Railway Electrification Project with Signalling, for North Eastern Railway, at a value of Rs.433 Crore.
- (e) RAPDRP-Part B Project under Jammu Province (Cluster-I, Jammu Left), (Cluster-II, Jammu Right) and (Cluster-IV) Akhnoor, Rajouri, Poonch, Udhampur, Doda, Kishtwar & Baderwah for J&K Power Development Department, at a value of Rs.420 Crore
- (f) Railway Electrification work for Katni-Singrauli, for West Central Railway, at a value of Rs.282 Crore.

In addition to the above, in terms of the Corporate Plan, IRCON has identified Real Estate Sector for selective diversification. The Company is developing its properties located at NOIDA, U.P. and Gurugram, Haryana and exploring the possibilities for leasing out / selling the properties.

The Company is also undertaking commercial development on land parcel measuring 4.3 (four points three) Hectare at Bandra East, Mumbai, Maharashtra, for 99 years against the payment of Upfront Lease Premium. For this IRCON has also entered into a Memorandum of Understanding (MOU) on March 26, 2018, with Rail Land Development Authority (RLDA) for transfer of leasehold rights to IRCON for commercial development of the said land parcel. In consideration of its roles and responsibilities, IRCON is entitled to receive from RLDA, a fee for an amount equivalent to 3% (three per cent) of the Upfront Lease Premium and for financing the consideration of Rs.3200 Crore, a tripartite loan agreement was executed between IRCON, RLDA and Indian Railway Finance Corporation Limited (IRFC) and repayment of the loan together with interest and all expenses thereon are guaranteed by RLDA. Mumbai Metropolitan Region Development Authority (MMRDA) has given its in-principle approval for providing entry and exit route for assimilation in the main traffic and the Plot may now be leased out. The MOU entered on March 26, 2018, has expired on March 31, 2021 and IRCON may not extend it any further.

ON-GOING MAJOR PROJECTS IN INDIA

SL. NO.	CATEGORY	NAME OF THE PROJECT	REVISED CONTRACT VALUE (IN Rs. CRORE)
1.	Railway	Katra-Qazigund section (IRCON's portion), Udhampur Srinagar Baramulla Rail Link Project, for Northern Railway	13,359
2.	Railway	Sivok-Rangpo New Rail Line project, for North Frontier Railway	8,215
3.	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
4.	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)	2,762
5.	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). Construction of New BG Electrified Rail Line between Dharamjaigarh to Korba (Urga) for CERL (CERL-II).	1,958 1,138
6.	Railway	Doubling projects for West Central Railway at Katni - Singrauli Doubling Project	1,763
7.	Railway	RDUM-TAL-RJO (Rampur Dumra - Tal - Rajendrapul Doubling including Ganga Bridge) Doubling projects for East Central Railway	1,491
8.	Railway	Execution of rail connectivity projects identified by Bastar Railway Private Limited (BRPL).	1,466
9.	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)	1,378
10.	Railway	Katni Grade Separator / By pass line (21.50 Km) Project, for West Central Railway.	1,248
11.	Railway	Kiul – Gaya Doubling projects for East Central Railway	1,200
12.	Railway	Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Mahanadi Coal Railway	1,192

		Limited (MCRL)	
13.	Railway	Survey, Feasibility study, Detailed Design and Construction of various identified Rail Coal Connectivity Project(s), for Jharkhand Central Railway Limited (JCRL).	1,149
14.	Railway	Hajipur – Bachwara Doubling projects for East Central Railway	930
15.	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
16.	Railway	Akhaura - Agartala Rail Link Project (Construction of Indian Portion), for North Frontier Railway	570

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 2020-21, the Company has earned total income of Rs.5,200 Crore and operating turnover of Rs.4,948 Crore, on a standalone basis.

Some important indicators of financial performance of the Company for the year 2020-21 vis-à-vis 2019-20 are given below:

Sl. No.	Particulars	2020-21 [Rs. in Crore]	2019-20 [Rs. in Crore]	Increase / (Decrease) [in %]
1.	Total income / turnover	5,200	5,442	(4.44 %)
2.	Total Operating income / turnover	4,948	5,202	(4.89 %)
3.	Operating income from Foreign Projects	582	443	31.38 %
4.	Operating income from Indian Projects	4,366	4,759	(8.26 %)
5.	Profit before tax	574	673	(14.65 %)
6.	Profit after tax	405	490	(17.40 %)
7.	Net worth	4,406	4,161	5.90 %
8.	Dividend (Final & Interim)	221	223	(0.09 %)

The Company has declared an interim dividend of Rs.1.30 per equity share (on the face value of Rs.2/- each) amounting to Rs.61.13 Crore (approx.), in February 2021 and a final dividend (over and above the interim dividend) of Rs.1.70 per equity share on the face value of Rs.2/- each

amounting to Rs.159.80 Crore at the AGM. With this, the total dividend for the FY 2020-21 is aggregating to Rs.221.02 Crore (approx.) i.e. 117.50% on the paid-up equity share capital of Rs.188.10 Crore which works out to 54.63% of the post-tax profits and 5.01% of net worth as on March 31, 2021.

SHARE CAPITAL & DISINVESTMENT

(A) OFFER FOR SALE OF SHARES

In the FY 2020-21, the Government of India by way of Offer for Sale (OFS) through Stock Exchange mechanism disinvested 16% of paid-up capital of the Company (i.e. 5,26,68,882 equity shares to non-retail investors on March 3, 2021 and 2,25,72,378 equity shares to retail investors on March 4, 2021 in aggregate to 7,52,41,260 equity shares) at the rate of Rs.89.75/- per share amounting to Rs.677.07 Crore (including gross of stock exchange transaction charges and all applicable taxes and charges). The shareholding of President of India now stands at 73.18% of the paid-up equity share capital of the Company, thereby making the Company compliant with the Minimum Public Shareholding (MPS) requirements specified in Rule 19(2) and Rule 19A of the Securities Contracts (Regulations) Rules, 1957.

(B) SPLIT OF SHARES

IRCON has undertaken split of one (1) equity share of the face value of Rs.10/- each into five (5) equity shares of the face value of Rs.2/- each, during FY 2019-20. The effect of change in the face value of the share was reflected on the share price w.e.f. April 3, 2020 at the Stock Exchanges where the Company is listed (BSE and NSE) and corporate action of credit of shares of the face value of Rs.2/- each was completed on April 8, 2020. Thus, post-split and as on 31st March 2021, the authorized share capital of IRCON is Rs.400 Crore (consisting of 200 Crore equity shares of Rs.2/- each) and the issued and paid-up equity share capital stood at Rs.94.05 Crore (consisting of 470,257,870 equity shares of Rs.2/- each).

(C) BONUS SHARES

After the close of the FY 2020-21, IRCON has issued fully paid-up bonus shares of the face value of Rs.2/- each in the ratio of 1:1 i.e. one (1) new fully paid-up equity share of Rs.2/- each for every one (1) existing equity share of Rs.2/- each and the shares were allotted on May 23, 2021. After receipt of in-principle approvals from BSE and NSE on May 25, 2021, the corporate action of credit of bonus shares was completed on June 1, 2021. Accordingly, the paid-up share capital of IRCON has increased from Rs.94.05 Crore to Rs.188.10 Crore (consisting of 94,05,15,740 equity shares of Rs.2/- each).

IRCON ranks among top 500 listed companies in India in terms of market capitalization as on March 31, 2021, with market capitalization of Rs.4152.38 Crore.

IMPACT OF COVID-19

Financial performance: Due to the impact of lockdown during the first quarter of the FY 2020-21 and pressure on supply chain to some extent in the 2nd quarter, the revenue and profitability target was revised keeping a steep target in the 2nd half of the year. The Company did well during the 2nd half of the year and surpassed its previous year's performance during this period and ultimately able to achieve the turnover near to the target set by the Ministry of Railways. However, the result for the year ended are, to that extent, not comparable with those for the previous periods.

Steps taken for smooth functioning: The Company has continued with stringent monitoring processes for COVID-19 ensuring thermal screening of all employees and visitors, sanitizing the premises and vehicles on regular basis, maintenance of social distancing at all work places and enforcing wearing of masks. Further, the Company initiated several measures to help its employees and their families, including establishing COVID care centers, vaccination centers, and providing them access to medical care facilities.

ORDER BOOK

During the year 2020-21, the Company secured works worth Rs.4157.08 Crore, from the Ministry of Railways through competitive bidding among PSUs. The order book as on March 31, 2021, stood at Rs.34,689 Crore (approx.) as compared to Rs.30,713 Crore (approx.) as on March 31, 2020.

CSR & SUSTAINABILITY

The CSR Budget for the FY 2020-21 was Rs.10.42 Crore, 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 FY 2020-21, IRCON has spent Rs. 10.42 Crore on its CSR initiatives. The total fund donated to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) is Rs.15.50 Crore.

SUBSIDIARIES AND JOINT VENTURE COMPANIES

Presently, Ircon comprises of six subsidiaries (viz. Ircon Infrastructure & Services Limited, Ircon PB Tollway Limited, Ircon Shivpuri Guna Tollway Limited, Ircon Davanagere Haveri Highway Limited, Ircon Vadodra Kim Expressway and Ircon Gurgaon Rewari Highway Limited) 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 the Ministry of Railways has been 'Excellent'. The MOU performance for the FY 2019-20 is under evaluation.

Further, the Company has won 'National Award for Excellence in PSU' by World HRD Congress; 'Eltes National PSU Award of Excellence' in three categories viz. for Building Sustainability Infrastructure & Development, for Digital Transformation during COVID-19, and for Smart Infrastructure for Indian Railways; 12th CIDC Vishwakarma Award by Construction Industry Development Council (CIDC) in three categories viz. for Best Professionally Managed Company (in more than Rs. 1,000 Crore turnover category), for Best Construction Project (for Mathura - Kasganj project) and for Corona Warriors; and 8th FICCI Quality Systems Excellence Award.

X-X-X-X-X