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**THE BIG
INTERVIEW**
S K CHAUDHARY
Chairman and MD, IRCON





THE INFRA MOGUL

With an experience of more than four decades into the infrastructure and construction business, IRCON has spread its wings of expertise in the nation building process.



Established under the Companies Act, 1956, on 28th April 1976, Ircon International Company Ltd (IRCON) has been one among the frontrunners in India's story of infrastructure and construction segments. IRCON is a government company, originally named as the Indian Railway Construction Company Ltd under the aegis of Ministry of Railways, Government of India. The infra major started its journey with a prime objective of providing solution from concept to commissioning including all facets of railway project in India and abroad on commercially prudent lines. After commencing its business as a successful railway construction company, IRCON diversified progressively into an entire gamut of construction activities and infrastructure services. The core competence of IRCON is in Railways, Highways, Tunnels, Bridges & Extra High Tension substation engineering and Construction. The Company has executed projects apart from Railway construction projects of ballastless track, Railway electrification, tunnelling, signal and telecommunication, leasing of locos, construction of roads/ highways, commercial, industrial and residential buildings, airport runway and hangars, metro track system, etc.

LANDMARK PROJECTS

With an entire gamut of constructional expertise and best engineering practices IRCON has added numerous successful projects into its project basket. In the last 44 years the company has emerged as an infra-creator and is an established name in the field of infrastructure and construction business in domestic and international markets. Since its inception the company has focused towards emerging as a diversified infrastructure player, both in terms of sectoral and geographical coverage.

One among its notable achievements was in executing projects successfully in the State of J&K by surpassing the hurdles of technical complications and geographical terrain challenges. In 1983, a similar project was executed in Iraq. Several other projects like the first workshop in Kapurthala post-independence, present Sivok-Rangpo and Udhampur-Srinagar -Baramulla Rail Project followed the list of successful projects.

Over the years, on domestic front IRCON has been a frontrunner in executing numerous metro ballastless track rail projects, national highways, an efficient arm in establishing road networks to secondary cities, ports, connecting



habitations with rural roads through Pradhan Mantri Gram Sadak Yojana commissioning of broad gauge lines, station redevelopment programs and much more. Forging ahead with its engineering expertise the company has today expanded its presence not just nationally but on the international front as well – and has executed projects in 25 countries. Several landmark projects were executed and are still being implemented by IRCON in Bangladesh, Sri Lanka, Nepal and Malaysia to name a few.

In FY 2018-19, IRCON successfully completed Majuba Rail Project in South Africa for procurement of Plant Design, Supply and Installation of Overhead Track Equipments, Traction Substations, Auxiliary Power Supplies Substations, Bulk Power Supplies Switching Stations and Signalling Systems. On the domestic front, IRCON has completed three projects in India during the financial year. This includes two highway projects on BOT model viz. Shivpuri to Guna in Madhya Pradesh which got completed ahead of schedule and Bikaner to Phalodi in Rajasthan and one electrical project of PVNNL, Uttar Pradesh. During 2017-18, IRCON

commissioned two overseas projects in Bangladesh and three projects in India. During the year the company secured eleven projects in India of total value amounting to Rs.6,106 crores. After the closure of the financial year, IRCON also secured many projects in India, major of which involved the construction of Eight lane Vadodra Kim Expressway (Package-II) on HAM basis from NHAI, in the state of Gujarat for a total value of Rs.1,865 crore. The company also entered into a Memorandum of the Understanding on 26 March 2018 with the Rail Land Development Authority (RLDA) for transfer of lease hold rights to Ircon for commercial development on the land parcel admeasuring 4.3 (four point three) Hectare at Bandra East, Mumbai, Maharashtra, against the payment of Upfront Lease Premium.

Though the company has spread its wings of expertise across the infra-construction sector, IRCON's prime focus and strength is still deep rooted in the railway segment.

IRCON operates with a vision to be recognized both on the national and international fronts as a diversified



construction organization executing best in class projects covering the entire spectrum of construction activities and services in the infrastructure sector. Implementing its vision the company has set its mission to effectively position itself to meet the evolving and dynamic constructional requirements of the infra sector in the changing global economic scenario. With a diversified expertise and a team of well-qualified and trained professional base IRCON marches to earn its global recognition on providing high quality products and services without compromising the prescribed timelines and by equipping best engineering practices.

IRCON's efforts in different areas including human resource, sustainable development & corporate responsibility domain have also been recognised by the various institutions & bodies which are testimonial to the efforts of the IRCON team.

The strength of IRCON lies in its team of trained and experienced manpower. The team has an exceptional talent pool of professionals with expertise in Railways and Highways, Design and execution, Engineers and Business Development Managers. They work on high-value projects based on EPC, DBFOT and HAM models. Additionally, the skill sets of its employees give the Company the flexibility to adapt to the needs of its clients and the technical requirements of the various projects that it undertakes. Furthermore, IRCON is committed to the development of its employees through regular technical seminars and training workshops organised by the Company or reputed institutes. It has a management team that is qualified and experienced in construction and infrastructure development.

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RECENT RECOGNITIONS

Some of are summarised below:

- » Only Indian PSU to be named in the list of top 250 International Contractors – Engineering News Record (ENR)
- » Golden Peacock Awards – for Corporate Social Responsibility & Risk Management
- » Institute of Economic Studies (IES) Award, Sri Lanka– Outstanding Global Leadership Award to CMD IRCON
- » 8th EPC World Awards – for 2nd Bhairab Bridge Project, Bangladesh
- » 7th PSU Governance Now Awards - Increasing Geo-Strategic Reach & Leadership Award to CMD IRCON
- » 7th FICCI Quality Systems Excellence Award for Industry-for Good Practices in Quality Systems
- » 16th ICAI National Awards for Excellence in Cost Management Infrastructure and Construction Services (First position)
- » ET NOW: Stars of the Industry Awards – Talent Leadership Award for Excellence in HR (Organisational Award) & CEO with HR orientation Award to CMD IRCON
- » ET NOW: World HRD Congress Awards - Business Leader of the Year Award to CMD IRCON & National Best Employer Brand Award
- » SKOCH Order of Merit – For Capacity Building and Training (HRM), Mechanisation of Track Laying Process through Automatic NTC Machine & for Shivpuri-Guna Highway Project.



We aim to be a diversified infrastructure player

With more than three decades of experience in the civil engineering business, **S K CHAUDHARY**, Chairman and Managing Director has been steering Ircon International Limited (IRCON), one among India's frontrunner in the infrastructure industry. In an exclusive interaction with **Tejasvi Sharma** and **Veena Kurup**, he shares insights about his professional journey and Ircon's momentum in leading the infra space.

IRCON has been one among the frontrunners in the path of infrastructure development. In brief please share with us few insights onto your journey in driving this process?

I started my journey into the construction industry after passing out from my engineering college. Civil engineering has always been a passion for me. To see your planned and desired project translating into reality is an excitement in itself. This motivated me to select my academics and career path. I joined IRCON in 1983 and have been associated with IRCON for about 23 years in various capacities. I started off my career initially from Iraq with a construction project and later on moved to Jakarta. Later, I got the opportunity to be associated with the Delhi rigid pavement highway project – this was the first ever concrete road project in the country build by IRCON. In the later phases of my career I got associated with varied infrastructure projects – from highways, railways, airports, flyovers, bridges, etc. To name a few – the Indore airport project, rail line projects in Pune, Ahmednagar, Shirdi and much more.

In 2006, however I moved out from IRCON and was selected in HUDCO as Sr. Executive Director (Projects) and served for about seven and half years. Here, my contribution was more

towards project finance, appraisal and monitoring of housing and infrastructure projects across all sectors. I even got the opportunity to undertake projects appraisal of Indian Government's flagship such as JNNURM, RAY on PPP and much more.

Later to this, I worked with the National Buildings Construction Corporation (NBCC) as Director (Projects) for a period of 3 years. My role here was to oversee the implementation/execution and monitoring of projects in various segments of operation [viz Project Management Consultancy (PMC), EPC Contracts, and Real Estate market] including operation and maintenance of projects after commissioning, induction and incorporation of new technologies in civil construction, business development in Indian and Overseas market. A notable achievement was in increasing the market cap of the company and gaining the 'Navratna' status during my tenure.

And my journey again came back to IRCON where I was selected as the Chairman and Managing Director. The journey of three decades has been a wonderful experience in itself. As I said, civil engineering has been a passion and excitement, and has always been a satisfying professional journey.



The Kidwai Nagar housing project was one such prestigious initiative executed by NBCC during your association. Looking at its current scenario, are you happy in its deliverables?

Definitely yes. The project could achieve in delivering good quality housing for its residents. But, yes like any big ticket infrastructure initiatives, the project had to face and surpass few hurdles – liquidity and cash flow concerns among the contractors. However, the output could be achieved. It is one of the prime example reflecting the benefits and need for vertical real estate momentum today. The growing urban clusters and space constraints has pushed the need for vertical realty spaces. Moreover, vertical spaces are more affordable in regards to provision of infrastructure like sanitation, water supply and connectivity as against the horizontal ones. They are even cost effective when compared to the wholesome project cost involved. Tall buildings have become a need of the hour today, especially in the urban clusters.

What are the core factors considered in IRCON while executing its projects and if you could point us out the success strategies?

Successful completion of a project is not an easy endeavour and in always a team effort. It calls for a series of tasks to meet Stakeholder and client requirements with dedication; a lot is involved in the process before the Project reaches its

completion phase. No matter what type of project you are working on, having a comprehensive knowledge about project management life cycle is essential. It keeps your on-going projects more organized and more viable to execute from start to completion. A project management life cycle is a five-step framework planned to assist project managers in completing projects successfully. Understanding and meeting this five crucial points is a must in this process, i.e.-

- What work needs to be achieved?
- When are the project deliverables?
- Who will be involved in the team?
- Which technology is to be used?
- How to monitor the performance of each phase?

Budget planning is the other prime aspect. Without which the planning process won't be able to deliver its desired outputs. Project planning and outlining the budget requirements is a core factor, without which the project may suffer. We have always focussed ourselves in planning the project requisites and its deliverables right from the initial phase of decision making while opting for a project. Hence, project planning has to be started from the very thought of bidding for a project and then has to be developed till its execution phase. Also, smart planning is another need of the hour. The shortest possible mode by equipping efficient technology and quality workforce for achieving the desired output should be the prime focus. This has been IRCON's mantra while delivering its projects throughout the cycle. Last but not the least is the need for ease in cash flow management – especially while selecting machineries, resources and drawing the talent pool towards the project. As a part of our project execution process, key human resource extensive planning, monitoring and mobilisation of resources play a key role in meeting our desired goals.

Civil Engineering has been a passion and an excitement.

Tell us about the training measures put into practice at IRCON to create a quality talent pool.

Recruiting as per the need of the hour is a strategy we have maintained at IRCON. The recruitment from beginner to higher levels are fully based on the quality of the resources. We select our candidates from reputed colleges throughout the country, following which each of them are assigned for dedicated training sessions. Our country has quality training centres, for instance the civil engineering, electronics, signalling and telecommunication institutes run by the railways in Pune, Nasik, etc. We send our employees once selected to these training centres to achieve the desired skill set and even to IIMs to expand the knowledge base. As a practice, at IRCON every Friday we organize a half-day session on technical upgradation and enhancing the knowledge base of our employees. This makes our resources to be at par with



the market dynamics. With much pride I can say today IRCON has one of the best employee turnover ratio in the construction industry.

We have completed 128 successful projects in 25 international markets and 390 in domestic market.

execution rate was same as that of the corresponding period in 2019. However, we need to embrace the new normal and understand the need of the hour and perform accordingly.

It's been more than four decades for IRCON in contributing towards the infrastructure sector. As one prime contributor how do you see the economy, opportunities and challenges in this pandemic situation?

Covid-19 definitely gave a huge blow for the entire construction and infrastructure industry. Like everyone, even we had to face its consequences. Initially a panic situation arose due to the uncertainty of the circumstances that evolved. Projects were brought to a standstill and acute shortage of labour was faced as they migrated to their homelands. However, the situation is gradually improving today. With economies opening up and projects restarting steadily, the situation is improving. We have focused ourselves in maintaining and following all the required protocols for work safety. This has brought in a confidence among our resources. Moreover, digital spaces are now being explored more – be it video conferencing or real time platforms. Our Government is doing a commendable job in handling the crisis and supporting the economic activities. We are currently seeing an improvement in our execution levels that was once hard hit due to the abrupt stoppage. For instance, in October our

Could you throw some light upon your current order book status and where do you see it heading as there has been a marginal increase in your profits as compared to the revenue earned?

The current order book is approximately Rs. 35,000 crore. We are hopeful and expected to increase the order book to Rs. 40,000 crore. The situation certainly has had its effect on our order books as well. However, we could manage ourselves with the support of digital platforms. The employment of 'e-office' and real-time modules has considerably helped us in bringing down our operational costs. For instance, with digital platforms we could bring down this cost considerably. The profitability also reflects as few of our projects has kick-started again.

In the first two quarters this year we could achieve 63 per cent of what was achieved last year. We are hopeful of matching up to the last year figures even in this fiscal. Though its herculean task we are maintaining a positive and prospective approach in the period ahead to follow.

Notable expansions were seen in IRCON's overseas business during your tenure. Please throw some light upon the same.

We have completed 128 successful projects in 25 International market and 390 in Domestic market. Presently we have 40 on-going project in its portfolio, of which, four are located in International markets in Algeria, Bangladesh, Nepal and Sri Lanka and remaining projects are in the domestic market. We had signed for an infrastructure project at Iran but the project is yet to put on grounds and is on a standstill due to the ongoing pandemic situation. In Sri Lanka we have taken up a 150 km rail line project which involves upgradation and rehabilitation as well. All rail lines that was developed in Sri Lanka after their dispute with LTTEs was executed by IRCON. In Malaysia talks are finalized for a rail line project worth about \$1 billion – of which part payment will be done in the form of palm oil and remaining as currency. Another project is in advanced stages of discussion at Jordan. We even have a project funded by the US Government in Philippines – which is in pipeline now. However, all these projects would require some time to kick start as the Governments across the globe is currently being held up to find a solution for the ongoing pandemic. We are also eyeing upon further exploring the infrastructural opportunities in Bangladesh. Presently, we are executing a rail line project there – from India to Kathmandu. Feasibility study is in process for the project. We have already executed a rail line project from Jaynagar to Bardibas in Nepal – which will start its operations in the next few months. The Company is also exploring additional infrastructure development opportunities in sync with the priority projects of the Government of India such as the Smart City Mission and Metro Rail. It is also pursuing opportunities in the highway projects in Indian states, connecting habitations with rural roads - through Pradhan Mantri Gram Sadak Yojana (PMGSY), re-development of railway stations, High speed railway, DFCC, NCRTC, etc. In addition we are also diversifying, exploring and collaborating on opportunities in the renewable energy

Considering your expertise in executing varied range of projects, which do you think is the most preferable model today for executing infrastructure projects?

As far as the construction fraternity is concerned, the suitability of any model is decided only after considering the project deliverables. Each model has its own uniqueness, benefits and disadvantages attached to it. Understanding the project requirements, result and resources is a must while opting for any model of execution. Such models are primarily brought into practice when the Government faces a shortage

in meeting the required resources – be it EPC, PPP, BOT, HAM or the latest TOT. Government has been always supportive in encouraging any type of the model be it HAM or EPC or a BOT or a BOOT project. Efficacy in planning, execution and maintenance decides upon the suitability of any model.

Give us a brief idea about the strategies outlined to tap in the future potentials?

We move ahead, we plan to build on our strategy of diversifying across industry segments through new engines of growth. We endeavour to enhance our portfolio with projects in the international markets to achieve healthy profit margins offered by these projects. Also, while we continue to focus on the railway sector, through portfolio diversification, we aim to hedge against risks in specific areas or projects and guard the company against market variations resulting from business concentration in particular industry sectors and limited geographical regions. We aim to broaden our scope of services by actively bidding for high projects and exploring new modes of operation.

Moreover, IRCON is a responsible corporate, sensitive to the environment and thus adopts best practices for sustainable development in all of its processes & procedures. Considering the government initiative of private fund in construction of infrastructure IRCON has signed an MoU with National Investment and Infrastructure Fund Limited (NIIFL) to collaborate for equity participation in existing and future projects of Ircon. MoU has been signed with NIIFL and AYANA Renewable Power Private Limited (AYANA) to explore and collaborate on opportunities in the solar energy sector. To leverage the combined strength, IRCON has signed MoU with Larsen and Toubro Limited (L&T) and other infrastructure companies of repute and specialised construction experience to collaborate and jointly execute mutually beneficial business opportunities in sectors such as ports, harbours, bridges tunnels, metro rails in India and abroad. For comprehensive and slop solution to the client in India and abroad signed MoU with BEML Limited. The above initiatives are with intention & commitment to take up large value projects & diversify in other domains of infrastructure projects.

We are confident that our reliable business strategies combined with our balance sheet strength will continue to offer us exceptional business Opportunities in the future. EPCWorld

Suitability of any model is decided only after considering the project deliverables.